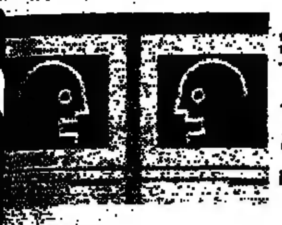

Software search
Europe looks for a common language
Page 10

Cavaco Silva
Economist at Portugal's helm
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Men out of work
Getting the drop-outs back in
Page 15

Break from the past
Finns back outsiders in presidential race
Page 3

FINANCIAL TIMES

Europe's Business Newspaper

Major denies any role in policy on arms sales to Iraq

British prime minister John Major publicly distanced himself from any responsibility in the arms-for-Iraq affair when he gave evidence at the public inquiry into whether the UK government illegally sold arms to Iraq in the late 1980s.

In a generally assured performance, which Downing Street hoped would help restore some of his political authority, Mr Major said that at no stage, either as a cabinet minister or as prime minister, had he played any part in setting guidelines on defence exports to Iraq. Page 16

CDU plan on joblessness: Germany's ruling Christian Democrats are urging tough measures to crack down on the employment of cheap foreign labour and supporting part-time work and flexible hours, in a bid to counter rising unemployment. Page 16; Exports may speed recovery, Page 2

Israel wary on Syrian offer: Israel reacted cautiously to Syrian peace gestures after US officials said Washington believed Syria had broken new ground, holding out the prospect of progress in peace talks. Page 4; Editorial Comment, Page 15

Winterthur Insurance is to take control of DBV Versicherung from Commerzbank, making the Swiss group the 10th largest primary insurer in Germany by premium income. Page 17

Brittan concern over protectionism

European Union chief trade negotiator Sir Leon Brittan (left) said moves to put environmental protection and labour standards at the top of the agenda for future world trade talks could be a pretext for protectionism. He also warned the US against the use of unilateralism in trade disputes, and against strengthening retaliatory powers under the US Trade Act. Page 6

Bombay shares rise: The Bombay Stock Exchange's index of leading stocks crossed the 4,000 level for the first time in 21 months amid hopes that next month's budget will assist India's economic liberalisation. Page 4

US insurer replaces chairman: Non-executive directors of US insurance brokers Alexander & Alexander acted to replace long-time chairman and chief executive Tinsley Irvin after a succession of disappointing results. Page 17

Aerospace subsidy call: Germany's crisis-hit aerospace industry called on Bonn for emergency subsidies to enable the sector to survive and compete with US and Asian manufacturers. Page 16

OECD warns on Italy: Italy's budget deficit and national debt remain "extremely high", despite recent progress, the OECD says in its annual country report. Page 3

Telecoms link forged: Nokia, Finnish telecommunications manufacturer, has joined forces with US electronics group Hewlett-Packard to develop "intelligent network" systems, the next generation of telecoms infrastructure. Page 17

Zulus' stance: Heavily armed Zulus fired handguns and rifles into the air outside government offices in Pretoria as Zulu monarch King Goodwill met President F.W. de Klerk inside to press demands for self-determination. Page 4

Lloyd's deal rejected: Lloyd's Names on the lossmaking Gooda Walker syndicates rejected a £900m ($1.3bn) settlement offer, dealing a blow to efforts to settle legal actions at the insurance market outside the courts. Page 7

Banks increase rescue aid: Germany's two biggest banks, Deutsche Bank and Dresdner Bank, are to lift their contribution to the Metallgesellschaft rescue package by DM300m ($171m). Page 17

End to recession seen: European entrepreneurs believe Europe could start to emerge from recession in 1994, but recovery will be slow and the employment crisis will persist. Page 2

Maastricht security concern: A French initiative to strengthen the political leadership of the European Union in the run-up to the Maastricht treaty review conference in 1996 has highlighted weaknesses in its provisions for a common foreign and security policy. Page 2

China capital raising: China is set for aggressive capital raising in western markets following its registration with the US Securities and Exchange Commission to issue some $1bn in global bonds. Page 22

STOCK MARKET INDICES

FT-SE 100:	3407.8	(+7.2)
Yield	3.46	
FT-SE Eurotrack 100	1474.05	(+7.73)
FT-SE-A All-Share	1697.81	(+0.4%)
Nikkei	18,725.37	(-248.33)
New York: lunchtime		
Dow Jones Ind Ave	3887.20	(n/v)
S&P Composite	473.53	(-1.36)

US RATES

Federal Funds:	closed	(3%)
3-mo Treas Bills: Yld	closed	(3.023%)
Long Bond	closed	(99¾)
Yield	closed	(6.287%)

LONDON MONEY

3-mo Interbank	5½%	(same)
Liffe long gilt future:	Mar 118½	(Mar 118⅜)

NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$14.13	(14.035)

Gold

New York Comex (Feb)	$392.2	(390.1)
London	$392.5	(390.0)

STERLING

New York lunchtime:		
$	1.49285	
London:		
$	1.4918	(1.4921)
DM	2.6184	(2.6118)
FFr	8.8827	(8.8673)
SFr	2.2085	(2.2083)
Y	165.704	(165.938)
£ Index	82.7	(same)

DOLLAR

New York lunchtime:		
DM	1.7525	
FFr	5.955	
SFr	1.47735	
Y	111.3	
London:		
DM	1.7553	(1.7505)
FFr	5.9545	(5.943)
SFr	1.4805	(1.48)
Y	111.08	(111.25)
$ Index	67.6	(67.7)

Tokyo close Y 111.22

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv26.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.60	Norway	NKr17.00	Spain	Pta225
Denmark	DKr18	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y600	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils625	Poland	Zl32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000
						UAE	Dh12.00

Yeltsin to press ahead with plans for reform

Rouble plunges to new low after resignation of Gaidar

By Leyla Boulton in Moscow

President Boris Yeltsin yesterday accepted the resignation of Mr Yegor Gaidar, the Russian government's leading economic reformer, but said he would continue bold economic and political reforms in spite of widespread fears to the contrary.

"I would like particularly to stress the unchangeability of the president's course towards towards deep and democratic reform of Russian society, its economy and political institutions," Mr Yeltsin's spokesman said.

However, Mr Boris Fyodorov, the other prominent reformer in the government, later announced he had been asked to stay on as finance minister but without his present rank as a deputy prime minister. He said he was still deciding how to respond.

Rouble declines to low against dollar .... Page 2

But the removal of Mr Fyodorov's other title appeared to bury suggestions that Mr Victor Chernomyrdin, prime minister, would make every effort to retain him as a symbol of continuity for the country and for western creditors and aid donors.

Russia's Choice, the electoral bloc led by Mr Gaidar, said yesterday that Mr Gaidar's resignation as first deputy prime minister would help place responsibility for hyperinflationary policies and other "dangerous" decisions squarely on Mr Chernomyrdin.

Mr Fyodorov was also said to be considering leaving Russia's Choice. His resignation from either the bloc or the government would leave the field clear for Russia's Choice to go into open opposition while Mr Chernomyrdin attempts to woo Communists, some ultra-nationalists and an ill-defined centre ground.

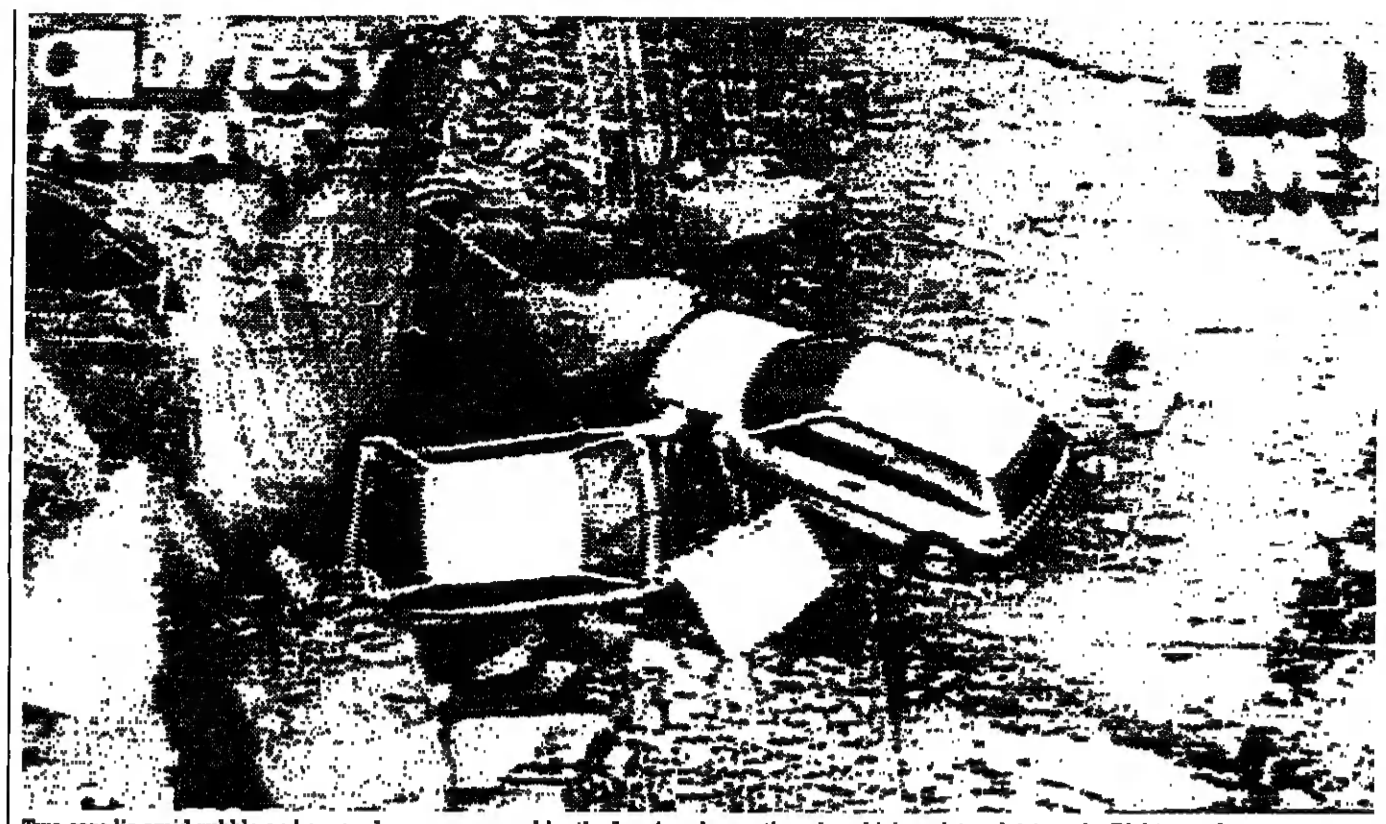
Mr Gennady Ziuganov, leader of the Communist party, welcomed Mr Gaidar's departure and said he would co-operate with any government which abandoned policies that had impoverished the nation. His reaction was echoed by the other powerful anti-liberal parties in the new State Duma, or lower chamber.

Mr Yeltsin is due to meet Mr Chernomyrdin today to discuss the final shape of the government. There is now little doubt that it will be dominated by former heads of state industry whose priority is to pump money into ailing farms and industrial enterprises. The rouble fell to a new low yesterday in response to Mr Gaidar's departure.

From Russia's Choice only Mr Anatoly Chubais, confirmed as deputy prime minister to complete a privatisation programme, and Mr Andrei Kozyrev, the foreign minister, who has adjusted his policies to growing nationalist sentiment at home, are likely to remain in government.

Mr Grigory Yavlinsky, a prominent economist whose Yabloko party promises gentler reform, said he had still not received an offer to join the government. But despite his frequent sniping at the government's attempts at financial stabilisation, he said he hoped Mr Fyodorov would stay in his post. "Fyodorov's position is very influential. It is really very dangerous if he leaves his office."

The only cheering news to emerge from Russia's political scene yesterday was the relatively smooth conduct of Parliament under its new speaker, Mr Ivan Rybkin of the pro-Communist Agrarian party.



Two cars lie amid rubble and exposed masonry caused by the Los Angeles earthquake which registered 6.6 on the Richter scale Associated Press

Microsoft in video game link with Sega

By Michiyo Nakamoto in Tokyo and Alan Cane in London

Microsoft of the US is to link with Sega, the Japanese group, to develop an advanced video games machine in a venture with far-reaching implications for the world electronics industry.

The deal could give Microsoft, which provides software for more than 90 per cent of the world's business personal computers, similar dominance in the market for home entertainment and educational software.

The companies will co-operate on the Saturn project, a games console combining video images, stereo sound and telecommunications. Sega will make the computers and Microsoft will provide the operating software.

Microsoft's operating software for Saturn will give it advanced graphics and data processing capabilities, although the machine will be cheaper than standard home computers.

The link-up may lead to a new industry standard for home entertainment software. The US company has grown to a turnover of $3.75bn in 10 years through licensing deals that put its software on every IBM and IBM clone of personal computer.

The implication is that software houses developing educational and games programs might have to write their products to Microsoft's standard, just as business software developers have to work with Microsoft's MS-Dos and Windows system.

The tie-up comes as other companies in the video games, electronics and computer industries have been taking positions in preparation for what is expected to be fierce competition in store for the games market.

Nintendo of Japan, the dominant international force in electronic games, and Silicon Graphics, the US company, agreed last year to co-operate in developing Nintendo's advanced games machine. Matsushita, the consumer electronics company, has meanwhile brought out its own advanced games machine developed by 3DO, a US venture company.

Sega has already formed an alliance with TeleCommunications, the US cable TV company, and Time-Warner, the entertainment group, with which it is testing the distribution of games through cable TV.

It has also teamed up with AT&T, the communications group, which is developing technology to enable video games players to hook up with each other over the phoneto speak and play games with each other.

Blockbuster takes stake in Virgin games subsidiary, Page 17

Early-morning quake brings devastation to Los Angeles

By Louise Kehoe in San Francisco

A severe earthquake in Los Angeles yesterday left at least 10 people dead and caused widespread damage and disruption to transport and communications. The quake, which measured 6.6 on the Richter scale, caused about 100 fires in and around the city as gas pipes ruptured.

In Sylmar in the San Fernando valley, where an estimated 70 homes were destroyed, aerial television pictures showed whole streets in flames. In San Fernando suburb, dozens of cars lining the streets exploded from the intense heat of gas fires. At least a half dozen vehicles were burning on one street.

Reports said that 50 buildings in Hollywood were also destroyed and the quake caused many houses – including several million-dollar homes – to slide off their foundations. Many buildings were seriously damaged, including two hospitals, which have been closed. Other hospitals said they were "inundated with walking wounded".

In the suburban town of Northridge, the epicentre of the quake north-west of central Los Angeles, emergency workers struggled to free residents of a three-storey apartment complex that partly collapsed. The multi-storey park at the town's shopping centre collapsed and people were feared trapped inside.

The earthquake struck at 4.31am Pacific Standard Time, according to the US Geological Service. Had it struck two hours later, in the rush hour, fatalities would probably have been much higher, officials said. Yesterday's Martin Luther King holiday also meant that many businesses planned to stay closed, reducing traffic.

Nonetheless the death toll was expected to increase through the day as rescue workers searched collapsed buildings. Several raised freeways to the north and west of the city collapsed. The Santa Monica freeway, the busiest in the US, carrying more than 370,000 vehicles daily, was severely damaged in several places.

Most of the main arteries to and through the San Fernando Valley, a suburban expanse of about 3m residents, were badly damaged. Police said the quake threw cars from elevated freeways on to streets below.

The stark pictures of the pancaked roadways in Los Angeles are reminiscent of the 1989 San Francisco earthquake, which registered 7.1 on the Richter scale, and in which more than 50 people died. Repairs and reinforcements to the San Francisco freeway system are still in progress, four years later, and are not expected to be completed for at least another two years. Structural engineers predicted that Los Angeles, the second-biggest US city, faces serious traffic problems for years.

The city's airports, which were closed in the immediate aftermath of the earthquake, reopened by mid-morning and United Airlines announced it was resuming service to the city. However, delays were exacerbated by numerous afters-shocks.

Telephone services to the entire Los Angeles area were limited to emergency services. Officials called on residents to stay off the roads, warning of severe danger. Most of Los Angeles was without electricity and there

Continued on Page 16

Last-minute textile deal freezes US imports from China

By Tony Walker in Beijing, Simon Holberton in Hong Kong and Nancy Dunne in Washington

The US and China struck a last-minute textile quota agreement yesterday that effectively freezes Chinese imports to the US at present levels and averts a serious trade dispute.

Under the agreement, signed in Beijing by special trade representatives, China's exports to the American market will not be allowed to grow as they have in the past three years. The move will cost Chinese exporters about $700m and result in a 13 per cent reduction in anticipated shipments to the US between 1994 and 1996.

China also agreed to US-proposed penalties for violations of quota restrictions.

A senior US trade official, briefing reporters, said the Chinese had agreed reluctantly to the quota penalties, but had clearly recognised that the row over illicit trans-shipments, overshipments and false labelling was harming China's image and trade prospects.

Trans-shipment involves Chinese-manufactured goods being transported through third countries such as Malaysia, Hong Kong and the United Arab Emirates to disguise their origin. US officials believe that the value of illegal trans-shipments of textile items exceeds $2bn annually.

Mr Mickey Kantor, the US ambassador, yesterday welcomed the textile pact as "the beginning of a healthier and more productive relationship" between the US and China.

Mr Henry Tang, textiles chief at the Hong Kong Federation of Industry, said the three-year agreement was good news for the colony.

The deal was seen as boding well for an agreement to extend China's most favoured nation (MFN) status by the US administration this year. For Hong Kong, the extension of MFN is far more important than the current dispute about trans-shipment irregularities.

Sir Hamish Macleod, Hong Kong's financial secretary, said yesterday that renewal of China's MFN could not be taken for granted. He said if China lost its MFN status in the US market then growth in Hong Kong might be halved from its forecast level of 5 per cent this year.

China's textile exports to the US under the Multi-Fibre Arrangement amounted to

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Exports may speed German recovery

By Ariane Genillard in Bonn

An increase in exports and further interest rate cuts could lift total investment in western Germany by 3 per cent in 1994, the Munich-based economic institute Ifo said in a report yesterday.

More foreign orders, particularly from outside Europe, should stimulate a gradual recovery in investment this year, the institute said, after a dramatic 14.7 per cent plunge in 1993.

"Signs increasingly show that the bottom of the pit has been reached in terms of investment. If there are no new handicaps to exports, companies will increase their investment as they modernise and face replacement needs," the report says.

The main growth in investment will come in the energy and service sectors. But west German industry will continue to feel the after-effects of the 1993 recession. Industrial investment could still fall by 5 per cent, the institute noted. "But, without this noticeable change in demand, investment would have fallen by a double-digit figure this year too."

However, the Institute warned that investment in 1994 would remain subject to growth in the European Union and to Germany's monetary policies.

It stressed that investment could fall by 1 per cent if interest rates were not lowered and a pick-up in economic activity was not seen in neighbouring EU countries.

Ifo recently added its voice to a growing chorus calling on the Bundesbank to help push the economy out of the recession with lower interest rates. The call had followed earlier accusations from the DIW institute in Berlin that the Bundesbank's go-slow policy was prolonging the recession.

Yesterday's warning was also in line with polls conducted by Ifo last autumn in which 40 per cent of west German companies said they did not plan to increase investment, against just 18 per cent reporting otherwise.

In eastern Germany, the report noted that investment would continue to increase in 1994, following a 15 per cent rise last year. Investment would be particularly concentrated in the public transport, mining, energy and services sectors.

Call for cheaper Eurofighter

The German and Spanish defence ministers said yesterday they would press for a lower price for the four-nation Eurofighter combat aircraft, Reuter reports from Bonn.

Mr Volker Rühe of Germany and his Spanish counterpart, Mr Julian Garcia Vargas, said that they wanted the European consortium to sink the price for the new fighter aircraft below current estimates of DM102m ($59) per unit.

Bosnia Serbs threaten 'all-out war'

By Laura Silber in Geneva

The leaders of Bosnia's warring communities resume partition talks in Geneva today against a backdrop of intensified fighting and few positive indications of an imminent end to the war.

In another sign that the prospects for agreement are bleak, Mr Radovan Karadzic, the Bosnian Serb leader, told the assembly of his self-styled Serb state that the Moslems would be faced with "all-out war" if the fresh round of peace talks failed to yield an agreement.

His threats were aimed at Mr Alija Izetbegovic, Bosnia's president, who, apparently emboldened by recent military victories against Croat forces, last week reiterated his pledge to regain control of land which was mostly populated by Moslems before the Serbian onslaught. Croat and Bosnian officials yesterday met following a Croatian proposal to create a confederation with their Moslem adversaries once a deal was reached.

Croatian President Franjo Tudjman is trying to convince Mr Izetbegovic that the restoration of the Croat-Moslem alliance would help assure the future of a rump Moslem state. Mr Tudjman and his Serbian counterpart, Mr Slobodan Milosevic, were due to join today's talks.

In Geneva, UN officials were reported to have rejected the use of air strikes against Serb targets as proposed under a Nato initiative. Following his fact-finding mission on the feasibility of air strikes, Mr Yasushi Akashi, the UN special envoy, met leading UN political and aid officials. He came out against the use of air power to open the airport in Tuzla, the biggest government stronghold, and to secure the rotation of Canadian peacekeepers in Srebrenica, the Moslem enclave in eastern Bosnia.

He reportedly indicated that the use of air support would stop the passage of overland aid convoys to Tuzla and said that agreement in principle had been reached to allow Dutch troops to relieve the Canadian company in Srebrenica.

Rouble declines to low against $

By John Lloyd in Moscow

The Russian rouble fell to a low of 1,402 to the dollar yesterday. The latest decline, of 3.5 per cent over last week, was blamed by currency dealers on the resignation of Mr Yegor Gaidar, first deputy prime minister, from his cabinet post. The Russian currency has fallen 12 per cent this year.

However, the dealers say much of the fall since the December elections has been prompted by a belief that the relatively tight monetary policy pursued by Mr Boris Fyodorov, deputy premier for finance, would be relaxed, and the inflation rate of 12 per cent a month would accelerate.

A range of spending decisions – including $500m on a new parliament building – and a draft agreement to unify the economies of Russia and Belarus point to relaxation of monetary controls. A new US investment fund said yesterday it would go ahead with plans to invest $340m of capital, put up by the US government in small and medium-sized enterprises in Russia.

Mr Gerald Corrigan, chairman of the Russia-American Investment Fund, a former chairman of the New York Federal Reserve and a long-time participant in the Russian reform process, said yesterday that "irrespective of the political changes, we believe that there is a lot of business here in which profitable investments can be made".

The fund has appointed Mr Robert Towbin, a former managing director of Lehman Brothers in New York, as the fund's chief executive officer. Mr Towbin said yesterday that the fund would concentrate investments in consumer industries, especially food and food processing, furniture and financial and other services.

"This is the area in which I think, on an early view, there will be most opportunities," Mr Towbin said. "We will put a lot of work into looking at these companies before we make an investment – and we will make a purely business judgment at the end of the day."

The fund plans to employ more than 30 executives in Moscow, both foreigners and Russian nationals, to investigate investment opportunities in the growing sector of privatised companies.

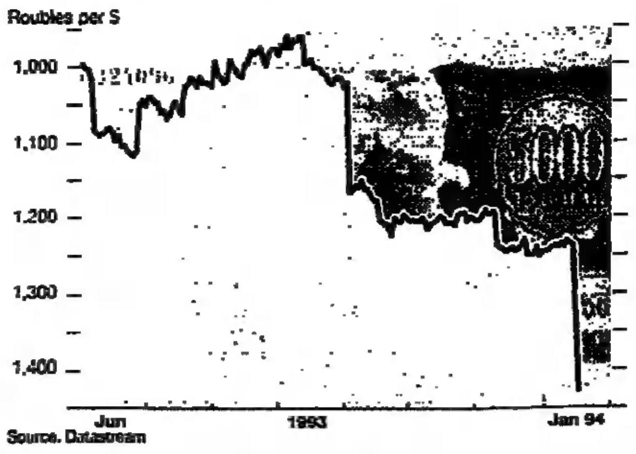
It is a non-profit-making organisation which will invest all profit back in the Russian economy.

Mr Corrigan said that "what falls beneath the cracks in people's view of Moscow is the sheer amount of private activity taking place at the micro level in the economy. My belief is that this means that the GDP of the country is no longer falling [as official figures show] but beginning to rise again".

Reuter adds: Moscow is to charge foreign tourists a daily tariff of one US dollar, payable in hard currency, Itar-Tass news agency said.

The agency did not say when or how the tariff would be collected or why it was imposed. Officials at the mayor's office were not immediately available for comment.

The rouble: a new low



Source: Datastream

GM move on Russian assembly plants

By Kevin Done, Motor Industry Correspondent

General Motors, the US carmaker, has signed a memorandum of understanding with VAZ, the Russian producer of Lada cars, which could eventually lead to the assembly of GM cars in Russia.

The two companies have agreed to conduct a feasibility study into the production of the Opel/Vauxhall Corsa small car at the VAZ assembly plant at Togliatti.

GM Europe said yesterday that the initial study should be completed by the spring. The study will examine the suitability of the Opel Corsa for the Russian market and the economic feasibility of producing the car in Russia.

Officials from the two companies met last week in Paris, and it is expected that the study team will be led by GM's Opel technical development centre at Rüsselsheim near Frankfurt.

The Opel/Vauxhall Corsa, which was launched in Europe a year ago, is built at GM's European plants at Zaragoza, Spain and at Eisenach in eastern Germany. It will also be produced at GM plants in Brazil and Mexico. Discussions between GM and VAZ are still at a very preliminary stage, but the US vehicle maker has developed close contacts with the Russian carmaker in recent years as a supplier of components.

GM's Automotive Components Group Worldwide began shipping production parts for engine management systems to VAZ last summer.

Greek demand could delay accession deal

By David Gardner in Brussels

The current Greek presidency of the European Union wants to limit the amount of regional aid offered to the remote areas of Sweden, Finland, Austria and Norway, in a proposal which threatens to complicate the closing stages of these countries' already difficult negotiations on EU entry.

European Commission negotiators in November offered each of the four applicants the highest level of EU structural aid – so-called objective 1 status – for their most disadvantaged regions.

Athens wants a clear delineation between some Ecu100bn ($112bn) in EU funds available in 1994-9 to the poorest regions – such as Greece itself, Portugal, Ireland and Spain – and structural aid to Nordic and Alpine regions whose average income is above the normal objective 1 eligibility threshold. Greece itself should get more than Ecu19bn in EU regional aid in 1994-99.

While it is not yet clear whether the Greek presidency's proposal, presented in a confidential paper, will gain the support of its partners, the mere suggestion that the northern areas of the Nordic countries could come off worse inside Europe could harden already sceptical opinion in those countries against EU entry. The Greek proposal says that a "transitional" and "additional *ad hoc* effort" should be made "in a limited number of areas" in the four countries, to take account of their harsh climate and remoteness.

It calls for a new and separate transitional fund to finance regional aid in a number of these areas. The proposal would exclude Norrbotten, Sweden's northern-most province, and two of Norway's four northern counties, from objective 1 status, the treasure trove of regional policy.

Athens says these and the Etela-Pohjanma area of eastern Finland should be "funded separately [over and above] from the existing funds of the [EU regional policy] regulation, which are to be distributed solely among the existing 12 member states".

Support for Swedish and Norwegian membership of the EU has begun to increase for the first time in many months, according to latest opinion polls, writes Christopher Brown-Humes in Stockholm. In Sweden, 34 per cent of voters are in favour compared with 26 per cent in December. In Norway, support for the Yes camp has risen by three percentage points to 33 per cent.

Concern at weak EU foreign policy

By Lionel Barber in Brussels

A French initiative to strengthen the political leadership of the European Union in the run-up to the Maastricht treaty review conference in 1996 has highlighted weaknesses in its provisions for a common foreign and security policy.

Diplomats and European Commission officials said yesterday that Mr Alain Lamassoure, France's European affairs minister, had pinpointed the lack of a proper structure to prepare and execute "joint actions" such as the organisation of aid to the Israeli-occupied territories and political-military action in Bosnia. "It's all been a bit amateurish so far," said one Brussels official.

Mr Lamassoure expressed concern about weaknesses in the management of EU foreign policy in an interview with the Financial Times. The minister also disclosed that France, in concert with Germany, Italy and Spain, was planning a more coherent leadership for the EU during their successive presidencies in 1994-96.

The French initiative did not appear to be an attempt to establish a big-country directorate of the EU, nor intended to be a slight on the current Greek presidency. Greek officials said they were studying Mr Lamassoure's remarks.

The 1991 Maastricht treaty is an elaborate compromise between federalism and looser co-operation between governments. Although it provides for a common foreign and security policy, signatories, most notably France and the UK, were admanantly opposed at the time to diluting national sovereignty in foreign policy. "But this matter will not go away," said a German official.

France appears to have grasped that the present arrangement may be too loose for effective action. However, its unwillingness to see the European Commission or the Council of Ministers' secretariat filling the vacuum underlines the limited scope it sees for ceding power to new EU machinery, such as the policy unit set up by Mr Hans Van den Broek, political affairs commissioner.

A senior Brussels official noted that the Commission has no policy planning staff such as exists in the US state department or UK foreign office; nor does it have an in-house foreign policy think tank. There was scope for creating something more permanent, he suggested.

These ideas may arouse some discomfort in London. Despite nominal support for the concept of a common European foreign policy, UK ministers prefer looser arrangements with limited goals.

On Bosnia, the UK has resisted Franco-German efforts to strengthen provisions for action against the Bosnian Serbs, though it performed a U-turn at last week's Nato summit.

Lamassoure: expressed France's worries over management

Entrepreneurs see slow recovery

By Andrew Hill in Brussels

European entrepreneurs believe Europe could start to emerge from recession in 1994, but recovery will be slow and the employment crisis will persist.

Those are the main findings of a survey of 100,000 small and medium-sized companies, carried out in November by Eurochambres, the European association of chambers of commerce.

Its results follow publication last week of findings from a survey of 5,000 European companies, which was similarly gloomy about the immediate prospects for an end to the effects of recession. Grant Thornton, the accountancy firm, and the consultancy Business Strategies, which plan to publish the full survey in May, concluded that smaller businesses expected no increase in profitability, employment or investment this year.

Eurochambres' survey of business prospects – the first and probably the largest of its kind – found clear differences in expectations across the EU. British entrepreneurs were among the most optimistic about prospects for 1994, while about a third of the west German companies questioned expected business to develop unfavourably this year.

Sir Tommy Macpherson, president of Eurochambres, yesterday warned the European Commission and national governments not to ignore small and medium-sized companies.

He said that they would provide the main source of employment growth in the coming years.

* *Eurochambres European Economic Survey 1994, Rue Archimède 5, 1040 Brussels, Belgium. European Business Survey, Grant Thornton International, Rue de la Loi 227, 1040 Brussels, Belgium.*

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OBITUARIES

We profoundly regret to inform you of the death of

Mr. Dieter Grass

Member of the Board of Management
of Bayerische Landesbank Girozentrale
Holder of the Service Cross on the ribbon of the Order of Merit
of the Federal Republic of Germany

on 14th January 1994 at the age of 58 after a serious illness.

His untiring commitment in the field of international business was largely responsible for the successful development of our bank into a universal bank with world-wide operations.

He was very devoted to his profession.

His warmth and kindness earned him a high degree of respect and sympathy among clients and employees. The strength of his personality also found expression in the courage he demonstrated in coping with his illness.

The bank has lost one of its most esteemed colleagues, who shall be deeply missed by many of us as a good friend and amiable person. We shall always remember the example he set to all of us.

We are grateful to him. We shall never forget him and his achievements.

Munich, 14 January 1994
Bayerische Landesbank Girozentrale
Board of Administration, Board of Management, Staff Council and Staff

The funeral service is to be held on Friday 21st January 1994 at 12.30 p.m. in the Protestant Church, Kaiser-Wilhelm-Straße, Starnberg and will be followed by the funeral at 2 p.m. at the Waldfriedhof, Josef-Sigl-Straße, Starnberg.

Instead of flowers and wreaths, please make donations to "Freunde der TU München - Tumorforschung Prof. Dr. U. Fink", account no. 272 78 20, Bayerische Vereinsbank (bank code 700 202 70).

OECD warns Italy on debt and deficit

By Robert Graham in Rome

Italy's budget deficit and national debt remain "extremely high", despite recent progress, the OECD warns in its annual country report.

The report points out that the 1993 budget deficit was 9.7 per cent of GDP, while public debt was 114 per cent of GDP and is set to rise further. The OECD concludes that substantial fiscal adjustment is still required, and that "several years of sustained efforts" will be needed in order to meet EU convergence targets.

The latest annual report on Italy recognises, however, that since 1992 both the Amato and Ciampi governments have begun to tackle the country's public finances.

In particular, the 1993 budget was a landmark, the OECD says, as the first in which structural deficit-reducing measures were given weight, compared with the "recurrent one-off relief steps taken in the past".

The authorities' "impressive action" to address the public debt problem has been further assisted by falling interest rates and a sharp rise in export competitiveness, thanks to the lira's devaluation and labour agreements limiting wage rises.

The report forecasts exports will continue to expand, thanks to low nominal wage growth, enlarging the trade surplus to 3 per cent of GDP by 1995.

The buoyancy of exports may just suffice to keep real GDP in 1993 at the previous year's level, the weakest output performance in nearly 20 years. GDP is set to recover slightly this year, up by 1.7 per cent at the most optimistic, but the report envisages only a gradual recovery in 1995.

Given the modest level at which activity is projected to pick-up, employment may remain "virtually flat, causing the rate of unemployment to climb to 11.7 per cent in the second half of 1995", it says.

"Larger employment losses and greater job security could stimulate precautionary savings, delaying the revival of private consumption and gross fixed investment."

Against that background the OECD says Italy's international credibility depends on a "good budgetary track record", which will also allow risk premiums in interest rates to ease further.

The successful execution of the government's privatisation programme is another key aspect of such credibility.

The report contains a special chapter on privatisation, which is critical of the slow and complex decision-making process. By using unorthodox privatisation procedures, Italy risks losing out in the competition to attract equity funds, it says. The authorities have also failed to come up with regulatory reform of public utilities.

"Restoring the credibility of many of Italy's institutions is a prerequisite for lessening deep-seated structural imbalances in goods and labour markets and keeping inflation on a downward course," the report concludes.

It adds a plea for gaining public support for the tough adjustment process based on "perceptions of equity" in sharing the burden.

ITALIAN ECONOMIC INDICATORS

	1992	1993	1994	1995
GDP in market prices*	0.9	-0.1	1.7	2.3
Industrial production*	-0.6	-2.2	2.9	2.9
Unemployment rate	11.6	10.2	11.1	11.6
Budget deficit as a % of GDP	-9.5	-9.7	-8.7	-7.3

*Percentage growth over previous period. Source: OECD projections

Italian Christian Democrats find a new identity

By Robert Graham in Rome

After more than a year agonising over their future identity Italy's long-ruling Christian Democrats will this week transform themselves into the Popular party, a new centrist Catholic grouping.

The move follows the dissolution of parliament and the fixing of early general elections on March 27. The change of identity is an attempt to find a new appeal in the centre-ground of Italian politics – the traditional core of their electorate – after the damage done by the country's corruption scandals.

The name is designed to evoke the party founded in 1919 by Mr Luigi Sturzo, which is regarded as the forerunner of the Christian Democrats, themselves founded in 1942. The Socialists are also due to change their name, as is the neo-fascist MSI. The first party to transform itself was the former Communist party which became the Party of the Democratic Left in 1991, with a rump founding a party called Reconstructed Communism.

The statutes of the new party are to be finalised today and an inaugural congress is due at the weekend. However, the party, headed for the past 18 months by the sepulchral but canny Mr Mino Martinazzoli, remains divided.

New electoral laws have meant that parties must form alliances if they wish to govern, but the nascent party has not yet decided who it should go into alliance with. Mr Martinazzoli is considering three centre groupings – the populist Northern League of Mr Umberto Bossi, the newly formed Pact for Italy of Mr Mario Segni, the referendum leader, and supporters of media magnate, Mr Silvio Berlusconi, who is anxious to form a party.

However, any one of these alliances risks reshaping the identity of the new Popular party without necessarily assuring electoral success. Much also depends upon whether Mr Berlusconi, who has delayed an announcement for more than six weeks, decides to enter the fray in person. Also, an important minority among the Christian Democrats sees its future in alliance with the left.

Finns embrace a fresh political future

Hugh Carnegy reports on the two maverick candidates who face a run-off in the presidential election

Associated Press

Friendly rivals: run-off candidates Martti Ahtisaari (right) and Elizabeth Rehn congratulating each other early yesterday

Judging by the outcome of Sunday's first round of voting in the presidential election, Finns are seeking new faces to lead them out of the gloom that has enveloped the country for the past three years.

Confronted with 11 candidates on Sunday, the electorate plumped for the two who clearly offered a break from the political conventions of the past. Mr Martti Ahtisaari, who won the first round of voting, is a United Nations diplomat who based his candidacy on his non-political background (although he represents the Social Democratic party) and his lack of any responsibility for the crippling recession of the 1990s that has pushed unemployment in Finland to approaching 20 per cent of the workforce.

But he may yet be undone by Mrs Elizabeth Rehn, who swept from nowhere a month ago to take second place. Excluding postal votes which were cast earlier, Mrs Rehn won more votes on Sunday than Mr Ahtisaari. The two will meet in a second vote on February 6.

Although a member – as defence minister – of the unpopular centre-right coalition of Mr Esko Aho, the prime minister, Mrs Rehn has presented herself as a breath of fresh air in Finland's stultified politics with spectacular success.

As a member of the small Swedish-speaking minority, she is a genuine outsider. But it is as a plain-speaking woman, with a disarming sense of humour, that she has captured the imagination, especially of women and young voters.

When she jokes about the over-inclination of Finnish men to make policy in the sauna, she raises a laugh – but also strikes a chord with voters fed up with what they see as a cliquey political establishment.

Nor is she afraid to be optimistic. "Finns are a little bit masochistic – we have been concentrating on how bad things have been. But there are signs of light," she says.

Both Mr Ahtisaari and Mrs Rehn admitted on Sunday night that they were broadly in agreement on the foreign policy issues that are the main concerns of the president.

Both are keen advocates of Finland's application to join the European Union and say they will not remain neutral when the issue is put to a referendum, probably in the autumn.

Both lay great emphasis on maintaining neutral Finland's security, a highly sensitive issue for a country with a long border and a history of military conflict with Russia.

Mrs Rehn gives nothing away on this to the internationally-experienced Mr Ahtisaari as she has been a well-respected defence minister.

Wary of upsetting Moscow, Mr Ahtisaari and Mrs Rehn avoid making specific commitments on how Finland's strategic stance may develop in the wake of the collapse of the Soviet Union, beyond the application to join the EU.

However, options such as moving within the Nato sphere are left open.

Where the two candidates differ most is on the economy – the most important election issue and the one on which Mrs Rehn is most vulnerable.

She has not shied away from supporting the government's tough fiscal policies which, although to the long-term benefit of the health of the public finances, have added to the pain imposed by the long recession.

Mr Ahtisaari believes in more public investment and less stringent spending cuts.

In fact, the outlook is much brighter this year than it has been since the the economy began to contract three years ago. Due largely to a powerful export boom – itself fuelled by a crash in the value of the Finnish markka – gross domestic product is set to grow by up to 2 per cent this year, compared with a fall of around 2.5 per cent in 1993.

Inflation, currently running at less than 1.5 per cent despite the devaluation, is under control and the government was encouraged last autumn by a series of pay agreements with the traditionally tough trade unions which led to wage cuts in the public sector.

The finance ministry talks of "buoyant growth" in 1995.

But even the most optimistic forecasts see unemployment remaining high for the rest of the decade, probably staying in double figures at least until 1998.

"We should not settle for this," insists Mr Ahtisaari.

Mrs Rehn, now the favoured candidate of the political right, may find her new-found popularity dented in the economic debate.

However, as she remarked on Sunday night, the presidential election, the first by universal suffrage, is turning out to be as much about personality as issues.

And on that score Mrs Rehn is a winner.

Bombay share index breaches 4,000 level

By Stefan Wagstyl in New Delhi

The Bombay Stock Exchange's index of leading stocks yesterday crossed the psychologically-important 4,000-level for the first time in 21 months amid hopes that next month's budget will bring fresh impetus to the country's economic liberalisation.

Foreign financial institutions, which were admitted to the market only last year, triggered the rally, which has seen the index rise 54 per cent since the beginning of November.

Yesterday, the index rose 82 points to close at 4020.87.

Shares are now approaching the record levels of the 1991-92 rally which ended with the Bombay securities market scandal.

They have more than doubled from their post-scandal lows seen in the spring of last year, when sentiment was depressed by the continuing investigation of the scandal and by the religious unrest which followed the sacking of the Ayodhya mosque.

Foreign investors have bought about $1bn in Indian equities and $1.6bn in Indian companies' overseas issues, most of it since last summer. Foreign fund managers are buying in the hope that India's reforms will stimulate growth in the country's very large economy.

Managers of emerging funds are also seeking to diversify from east Asian markets which could be set for declines after very rapid increases last year.

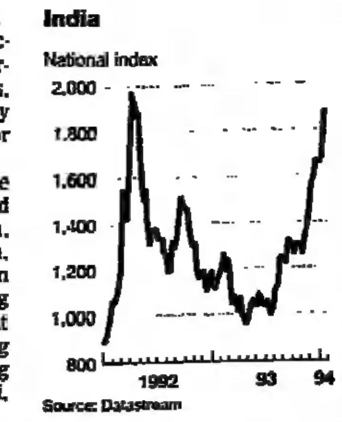
Foreign fund managers have not been put off by a dispute between Indian stockbrokers and the Securities and Exchange Board of India, the markets watchdog, which led to a two-week strike in December.

The brokers stopped work in protest at the board's order to sell positions in an informal forward market called *badla*. The board alleged the forward market was being used to generate excessive speculative demand for shares.

Despite the brokers' protests, the board has held firm and insists that existing forward positions must be liquidated by early March. After that, it proposes to allow forward deals only if they are reported separately from cash transactions.

The board's efforts are expected to help improve transparency on India's 22 exchanges, including the Bombay exchange, which accounts for two thirds of all trades.

The campaign against the *badla* market was spearheaded by Mr G.V. Ramakrishna, SEBI's outspoken chairman, who finished his last day in office yesterday before moving to the lower profile position at the government's Planning Commission. He is being replaced by Mr S.S. Nadkarni, a former banker.



Israel cautious over Syrian offer on Golan

By Julian Ozanne in Jerusalem

Israel reacted cautiously to Syrian peace gestures yesterday after US officials said Washington believed Syria had broken new ground which held out the prospect of real progress when both sides resume peace talks next week.

Israeli officials said Mr Dennis Ross, US Middle East co-ordinator, had sought to persuade the government that Syrian President Hafez-al-Assad had given firm guarantees to President Bill Clinton in Geneva on Sunday he would move to normal relations with Israel, including diplomatic and trade links, if Israel was prepared to commit itself to Syrian sovereignty over the entire Golan Heights.

Officials said Mr Ross had also told Israel Mr Clinton and Mr Assad had discussed the possibility of stationing US troops on the Golan to meet security and demilitarisation demands.

Mr Ross also reported that Mr Clinton had agreed to press for a public meeting between Crown Prince Hassan of Jordan and Mr Simon Peres, Israeli foreign minister, in Jordan when the US president meets King Hussein of Jordan at the White House on Friday.

However, most Israeli officials believe Mr Assad made the minimum concession in Geneva which, while being an important step forward, fell short of the breakthrough US officials claim.

They say Mr Assad, either in public or in private talks with Mr Clinton, did not go far enough to entice Israel to make a bold statement on return of the Golan. "A comprehensive peace means different things to Assad, the Americans and to us," said a foreign ministry official.

"For Assad a comprehensive peace still means the full withdrawal of Israel to pre-1967 lines including in Jerusalem and the linkage of all issues together and that is impossible for us."

Jerusalem also believes that, while Mr Assad has spoken for the first time in public, the words "normal relations" meant little without a specific timetable. "If Assad sees normalisation as the last station of our trip and the trip includes the resolution of all issues between us and the Arab world then that is far short of enough to help the government win over public opinion," an official said.

Other Israelis believe the Clinton-Assad summit has forced Israel into a difficult corner having won the Syrian leader an important US recognition of its central strategic role in the region.

"(Assad's) main goal in the summit was reconciliation with the US," said an editorial in yesterday's respected Ha'aretz newspaper.

"He achieved this to a degree which should worry us... without even ending his support of terrorism."

Israel says it will not make a formal response until the peace talks restart in Washington next Monday but it expects the peace process with Syria to remain a long and difficult road. Any territorial concession in the Golan to Syria may also have to be put to an election or national referendum.

See Testing Mr Assad, Leader page

Cambodia delegation for China

The Cambodian government has sent a 40-member delegation to Beijing for a five-day visit intended to lay to rest 30 years of Chinese support for the Khmer Rouge, writes Iain Simpson in Phnom Penh.

The delegation, led by the country's two prime ministers, is also expected to discuss arms sales and other defence issues with its Chinese hosts.

Beijing was the largest source of both political and military support for the Khmer Rouge during its struggle for control of Cambodia in the 1970s, after it came to power in 1975 and during the 12-year civil war that followed its overthrow in 1979.

Thousands of Chinese advisers were sent to Phnom Penh during the radical faction's four-year reign of the country, when hundreds of thousands of Cambodians lost their lives to murder, starvation and disease.

Now, the Chinese government wants to show its Cambodian guests and the rest of the world that those days are over and that Beijing now fully supports the elected government in Phnom Penh and not the Khmer Rouge guerrillas still fighting to bring it down.

Zulus warn of resistance to new order

By Patti Waldmeir in Pretoria

Hundreds of heavily-armed Zulus fired handguns and rifles into the air outside the seat of the government in Pretoria yesterday as the Zulu monarch, King Goodwill Zwelithini, met President F W de Klerk inside to warn of Zulu resistance to the new constitution.

King Goodwill, accompanied by a delegation from the Zulu royal family and Chief Mangosuthu Buthelezi, as well as some 15,000 of his followers, issued what amounted to a final warning that his supporters will not take part in the April vote unless constitutional changes are made to guarantee ethnic Zulu self-determination.

As one young man in the crowd began to explain to me the importance of Zulu self-determination, a shot rang out. The young man repeatedly assured me: "Don't worry, be happy" as hundreds of men around us and shot into the air.

The Pretoria gathering exacerbated high tensions in the townships around Johannesburg, where fighting took place between mainly Zulu hostel dwellers urging a work stay-away and township residents who sought to attend work. Police said at least 12 people were killed, including one stabbed to death at the rally.

Inkatha supporters with traditional weapons leave their Soweto hostel yesterday to join protests in Pretoria Associated Press

Final constitutional amendments must be agreed by next Monday to be passed by parliament before the constitution is signed into law on January 31.

After months of fruitless negotiations, officials from Chief Buthelezi's Inkatha party and other right wing groups will meet the government and African National Congress tomorrow for a final round of talks aimed at reaching agreement before the deadline. Inkatha negotiators were last night not hopeful of a deal.

King Goodwill's statement to President de Klerk insisted that participation in the elections would mean "national suicide" for the Zulus because the constitution did not guarantee sufficient regional autonomy. "The Zulus cannot accept that any majority in the rest of South Africa has the right to decide our future." He issued a veiled threat of secession, asking: "If we are not welcome in the new South Africa through self-determination, then why should we remain part of that kind of South Africa?"

Inkatha is due to make a final decision on participation in the elections next weekend.

Sabah chief minister fined

The political future of the East Malaysian state of Sabah has been thrown into confusion with the conviction of Mr Joseph Pairin Kitingan, the state's chief minister, on corruption charges, writes Kieran Cooke in Singapore.

After a trial lasting more than a year Mr Kitingan was found guilty of awarding contracts worth M$1.48m (£360,000) to a company owned by relatives.

Mr Kitingan is leader of the state's ruling Parti Bersatu Sabah (PBS), which, shortly before general elections in 1990, left Malaysia's ruling National Front coalition led by Dr Mahathir Mohamad, the prime minister.

Mr Kitingan was arrested soon after the elections and his supporters have accused leaders of the government in Kuala Lumpur of victimisation. High Court judge Mr Denis Ong said he was satisfied that Mr Kitingan had abused his official position as chief minister. However he received a fine so small as to allow him to lead his tribal-based party at elections next month. Mr Ong fined him M$1,800, just M$200 short of the amount that would have barred him from holding public office.

Japanese investment in Europe falls

By William Dawkins and Paul Abrahams in Tokyo

Japanese industrial investment in Europe fell by nearly a quarter last year, reflecting Japan's economic troubles and the shift of fresh production to emerging Asian markets.

Japanese companies spent $7.06bn (£4.7bn) on 538 investments in western Europe, Turkey and the former Soviet Union, in the year to last July. This was a 24.7 per cent fall on the previous year, says a study by the German Chamber of Commerce and Industry in Japan.

Europe's share of overall Japanese investment has also fallen slightly, from 32.5 per cent of the total to 30.7 per cent, but the chamber forecasts that the region will remain an important production base for Japanese companies. The drop "reflects a certain investment saturation and the current economic slump," said the report.

The chamber predicts Japanese overseas investment will recover, due to the erosion of domestic industry's competitiveness caused by the yen's continuing strength, tough regulations on local content in foreign markets, and international pressure to cut the trade surplus.

Of the European total, 70.8 per cent of investments were in manufacturing industry, mainly cars, electronics and chemicals and pharmaceuticals. Only 7 per cent of overall Japanese industrial production is based offshore, against 25 per cent of US production.

Britain remains Japan's favourite industrial location by a long way, with $2.95bn of investment in the survey period, followed by the Netherlands with $1.45bn, Germany with $789m and France with $456m.

At the same time, the number and scale of foreign acquisitions in Japan declined last year, according to accountants KPMG Peat Marwick. Foreign groups announced only 35 acquisitions compared with 43 in 1992. Purchasers disclosed the value of 11 deals last year worth Y16bn (£96m), compared with 26 deals in 1992 worth Y62bn.

Stryker Corporation's 20 per cent stake in Matsumoto Medical Instruments was the largest non-Japanese acquisition in 1993, but was worth only Y3.3bn. KPMG said the lengthy and complex nature of purchasing Japanese companies explained the absence of significant deals last year.

The largest proportion of Japanese companies acquired last year were family-owned groups. Only one listed company was purchased. Of the foreign acquisitions last year, five were in the pharmaceuticals industry, five in the computer or software sectors, four in chemicals and four in industrial machinery.

US companies concluded the largest number of purchases.

Central banker puts case for foreign control

By Julian Ozanne

Israel's central bank governor has urged foreign investors to take a controlling stake in some of the commercial banks which will be sold by the government this year.

In an interview, Mr Jacob Frenkel trumpeted last year's breakthrough in Israel's banking sector as the government took measures to restructure the industry, encourage more competition, reduce concentration of ownership and begin selling off the country's leading banks taken over in 1983 after a share manipulation scandal.

"I would like to see a controlling interest in at least some of our banks by foreign investors because international competition is the best recipe to increase competition in the market," Mr Frenkel said.

Mr Avraham Shochat, minister of finance, is expected to announce today the government's go-ahead for the sale this year of ownership in Bank Hapoalim and Bank Leumi, the country's two largest banking groups.

The government has defined a controlling stake as at least 20 per cent of the shares and is expected to sell Bank Leumi first, allowing investors who fail to buy Leumi to bid for Hapoalim later.

Last year the government sold blocks of shares in both banks through the Tel Aviv stock exchange.

"The development of the Middle East in the peace era depends on the capacity to develop efficient and effective intermediation mechanisms that will channel finance and investment," said Mr Frenkel.

"Any foreign investor looking at the Middle East will see Israel favourably because we have established property rights, a legal system, a market system, macro-economic stability and a strategy that is built on a multi-year process of economic reform."

The governor said 1993 had also been a watershed year in macro-economics as the impact of the government's policy shift away from growth led by public sector housing had been felt. Despite the "drastic cut in public housing" the economy had grown 3.5 per cent with industrial exports up 18 per cent and unemployment down from 11.2 per cent to 10.4 per cent.

Mr Frenkel predicted the economy would grow at higher levels this year. The Bank of Israel, he said, was determined to achieve its inflation target of 8 per cent for 1994. He strongly defended the recent hike in interest rates to 11.5 per cent, criticised by the Finance Ministry, saying it was essential to curb inflation which rose last year by 11.2 per cent.

He said the reason for high inflation in 1993 was housing prices which grew last year by 23.7 per cent as a result of the cut in public housing construction, economic expansion and continued immigration. Inflation, excluding housing, was 7.6 per cent last year.

Jacob Frenkel: best recipe to increase competition

The governor said privatisation would be speeded up this year. The government has pledged to sell shares in companies such as El Al, the state airline, and Israel Chemicals and plans to raise $1.5bn (£1.01bn) from the divestiture programme. "I am convinced that the political will, especially on the part of the prime minister, to see privatisation move forward is absolute and not hesitating," he said.

Mr Frenkel, however, warned that the budget deficit target for 1994 of less than 3 per cent of gross domestic product might be difficult to achieve as the government had to pay the unbudgeted costs of the peace process such as the redeployment of Israeli troops in the occupied Gaza Strip and West Bank.

● The first official Israeli economic delegation to visit Morocco returned yesterday after a five-day tour of Rabat, Casablanca and Marrakech, marking a breakthrough in Israeli-Moroccan relations.

The delegation, including senior businessmen in banking, industry and tourism, met the Moroccan prime minister, six economic ministers, the heads of the employers' and manufacturers' associations and leading Moroccan companies.

UK urges security accord

Co-operation on defence and security issues between Britain and Japan could be increased as part of a broader strengthening of the close bilateral relationship, Mr Douglas Hurd, UK foreign secretary, suggested yesterday, writes Alexander Nicoll, Asia Editor.

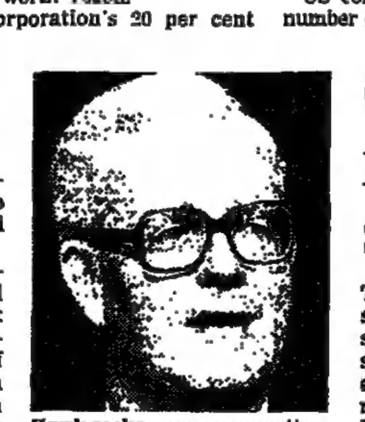
Mr Hurd, addressing a conference in London entitled "Britain & Japan: The New Era," said London and Tokyo already discussed security issues and that there had been small defence sales. He asked whether they could "broaden our defence staff talks, expand mutual visits between service units and generally work for more sharing of experience and know-how."

He reiterated Britain's support for Japanese permanent membership of the United Nations Security Council if it is enlarged.

Both Mr Hurd and Mr Hisashi Owada, an adviser to Mr Tsutomu Hata, Japan's foreign minister, stressed the need for closer Japanese/European co-operation as part of a tripartite structure with the US to build the post-cold war world order.

Mr Owada said strengthening the UN Security Council was "a problem of great urgency and of utmost importance from the viewpoint of making it an organ what can perform a truly central role in the new order based on co-operation among nations."

Mr Owada and Mr Hurd said Britain and Japan should co-operate more closely on science and technology, aid to developing countries and on environmental protection.



Hurd: seeks more co-operation

Gift-giving fails to lift store sales

The year-end gift giving season has failed to stimulate sluggish Japanese consumer spending, according to the latest figures from Tokyo department stores, writes William Dawkins.

Sales at the 27 stores in and around the Japanese capital fell by 7.6 per cent in December, against the same month last year, the 22nd monthly fall in a row, the Japan department store association reported yesterday.

That brought Tokyo stores' total annual sales to Y2,510bn (£15.1bn), down 9.6 per cent on 1992. A drop in traditional corporate year-end gift giving contributed to the December sales decline, but the general trend testifies to consumers' continued gloom at a time when the outlook for wages and jobs is poor.

Australian opposition reshuffle

Mr John Hewson, Australia's beleaguered coalition opposition leader, yesterday made space in his shadow cabinet for Ms Bronwyn Bishop, the high-profile New South Wales senator who is widely seen as a potential challenger for Mr Hewson's job, writes Nikki Tait in Sydney.

Ms Bishop will become the opposition spokesperson for urban and regional strategy. The move triggered a minor reshuffle of opposition roles. Among the more significant changes, Mr Peter Reith, spokesperson on native title legislation, adds defence to his responsibilities. Opposition senate leader Robert Hill loses defence but becomes head of the opposition's policy review committee.

Ms Bishop regularly tops Mr Hewson, and other Liberal party politicians, as the preferred leader of the opposition in public opinion polls.

Unions expect tough pay round

Michiyo Nakamoto reports on the dilemma facing Japan's unions

As the first shots in Japan's spring wage offensive were delivered last week, the country's labour unions braced themselves for what are expected to be stiff negotiations in the next few months.

Mr Takeshi Nagano, chairman of the Japan Federation of Employers' Associations (Nikkeiren) said yesterday little could be expected in the way of wage increases.

"I am worried about whether this spring's labour negotiations can result in wage increases, or whether we will even be able to support the labour force (at current levels)," Mr Nagano told a group of businessmen.

The season will be particularly challenging for the Japanese Electrical, Electronic and Information Union, which represents the country's electronics and software industries. As the union covering one of Japan's leading industries, and as one of the largest unions in Rengo, Japan's Trade Union Confederation, the JEIU's success or failure will be crucial in determining the outcome of talks for other unions.

But the difficulty faced by Japan's electronics industry in the face of the yen's rapid rise and the slump in domestic consumption has meant it will take more than the usual negotiating skills to wrest favourable terms from company managements.

The union, which represents 298 company unions and has a membership of nearly 870,000, is seeking wage rises of 5 per cent, in line with the 5-6 per cent increase being put forward by Rengo.

The 5 per cent rise is a level which the JEIU sees as crucial in raising real wages, stimulating consumption and leading the country out of its economic woes.

According to a JEIU survey of member households, real wages fell last year, while spending rose as a result of higher social security costs.

As a result, the unions also consider an income tax cut essential for economic recovery and are highly critical of the Finance Ministry's position that an income tax cut can only be made if there is a rise in the consumption tax.

"It is against international common sense to increase taxes at a difficult time like this," says Mr Yukuo Ajima, bureau director of the JEIU.

The unions' position is being challenged on various fronts, not least by the Nikkeiren.

The JEIU faces a particularly tough stand from employers, some of whom have suggested that annual wage rises that are part of the employment contract may have to be sacrificed this year.

"The electronics industry has been damaged (in the recession), and we expect (the talks) to be very tough," complains Mr Ajima.

In a bid to bolster the unions' prospects, Rengo members have discussed the possibility of changing the order for when wage settlements are made for each industrial sector. Such order is crucial, since early settlements set the tone for deals made for the rest of Japan's labour unions.

If high settlements can be agreed by the first in line, it is easier to convince management at other industries to follow the lead with good offers.

Traditionally, the JEIU, together with the three other unions representing Japan's leading industries of car, steel and shipbuilding, have been the first to reach annual spring wage settlements, an arrangement that suited the unions while times were good.

But since none of these industries are faring well in Japan's downturn, union leaders are concerned that they might set a negative tone to overall talks.

Nevertheless, there are no other candidates for the job, and the JEIU's Mr Ajima is expecting tough talks ahead in the union's role as standard-bearer. This year, the difference between the position put forward by the unions and that maintained by the employers federation is even greater than last year, when Rengo sought a 7 per cent wage hike.

Few people expect to see tensions rise to dangerous levels over the wage issue. Japanese labour-management relations have not led to active union protests for at least the past 10 years. Nevertheless, Mr Ajima is not ruling out the possibility of strikes just yet.

The gap between workers and employers is far wider than usual as the annual spring wage round nears. The Nikkeiren employers' federation argues that companies must freeze wages to preserve jobs, but the Rengo national trade union federation, argues that a rise of at least 5 per cent is needed to pull the economy out of recession. Mr Takeshi Nagano, Nikkeiren chairman, warned yesterday that he was worried whether companies can continue to support the labour force even at current wage levels.

Evidence of a slight pick-up in industrial demand emerged yesterday, with a 1.5 per cent rise in Japanese crude steel production for 1993, the first year-on-year increase in three years. Yet annual steel output at 99.6m tonnes remained below 100m tonnes, the threshold at which the industry gauges its long term survival, for the second year running.

Big losses feared at Venezuelan bank

Government takes over Banco Latino

By Joseph Mann in Caracas

The Venezuelan government yesterday appointed Mr Roger Urbina, the superintendent of banks, to take full control of the failed Banco Latino, the country's second largest commercial bank.

The announcement followed a government decision late on Sunday night to intervene in the troubled financial institution, an official admission of the bank's failure. Banco Latino was suspended from the national cheque clearing system by the central bank last Thursday.

The superintendent and a new government-appointed board will take full control of the bank, carry out a 90-day study of its financial situation, and later try to sell it, Mr Urbina said.

This means that the cash-strapped government, which has provided financial support for the bank since last month, will have to pour more money into the institution to pay off depositors and try to meet other obligations.

Mr Urbina said the bank, which did not open for business Friday, would re-open next week and would give priority to claims by holders of small savings accounts (the equivalent of $9,345 or less). It is not clear how many of the bank's other account-holders or creditors will be paid.

There are no public estimates by officials on how high the bank's losses in Venezuela could go, but they are expected to be substantial and could have a serious impact on other banks, especially those in which Banco Latino had business and equity interests.

Aside from affecting tens of thousands of individual account-holders, the bank's failure has hurt a wide range of businesses, including private corporations, part of the national oil company and other government-owned concerns.

According to banking sources, Latino may also have considerable assets at its off-shore bank in Curaçao.

The government delayed its decision to take over Latino while it took an initial look at the books and discussed different options with the bank's main stockholders and representatives of other big commercial banks. It rejected options such as leaving the bank in the hands of its former owners and establishing a pool of funds from other commercial banks to re-float the institution.

Government officials also said they are looking into possible criminal violations by Banco Latino's board members. The Venezuelan bank superintendency had reportedly recommended that the bank sell assets, change its board and reduce costs some time ago, but was ignored.

Minister unhurt in Colombian car bombing

By Sarita Kendall in Bogotá

Colombia's finance minister, Mr Rudolf Hommes, escaped unhurt in a bomb attack on his armour-plated car yesterday morning. A bodyguard was injured.

The bomb was detonated as the minister's car crossed a flyover in the centre of Bogotá, the Colombian capital. Shrapnel shredded the vehicle's boot and bent in a door.

Mr Hommes said later he had received death threats but did not know who from. He has been finance minister for three-and-a-half years, responsible for opening up the Colombian economy since the beginning of President César Gaviria's administration. Economic liberalisation and policies to reduce inflation have become increasingly unpopular, particularly with the political left.

The attack is being attributed to Communist guerrillas, though no organisation claimed responsibility immediately. Guerrilla groups are stepping up action in rural areas with the approach of congressional and presidential elections, scheduled for March 13 and May 8.

They were blamed for recent bomb attacks in Bogotá. On October 7 explosives hidden at the side of a road were detonated by remote control as a busload of police drove past. Three officers were killed and 30 injured. Just over two weeks later a series of small bombs went off early on National Census Day, killing a beggar.

Congressmen in Brazil likely to face expulsion

By Angus Foster in São Paulo

Brazil's Congress yesterday finished three months of hearings into an alleged corruption network and looked set to recommend expelling 10-30 congressmen tainted by the scandal.

Mr Roberto Magalhães, in charge of writing the investigation's final report, is expected to release the document at the weekend. As well as recommending expulsion or suspension of affected congressmen, the report is likely to suggest several changes to the law and further investigation into non-congressional figures who have been implicated. These include three state governors and several ex-ministers.

The hearings, which at times brought proceedings in the capital Brasília to a virtual standstill as more politicians were named, stemmed from allegations of corruption affecting the framing of the government's budget.

It is alleged that, under the scheme, congressmen received "fees", mainly from construction companies, in return for approving government spending on construction projects. Investigation of the bank accounts of implicated politicians also led to the discovery of other influence-peddling schemes. It is still unclear whether the most senior politicians to be implicated will be expelled from Congress.

The investigation won wide public support but lost momentum in recent weeks as no significant new evidence appeared.

Liberals take axe to Canadian MPs' perks

By Bernard Simon in Toronto

Canada's newly-elected Liberal government has sent a symbolic message on the eve of its first parliamentary session by abolishing some of the lavish perks traditionally enjoyed by MPs.

In line with the goals of fiscal and social reform which are expected to form the centrepiece of today's Throne Speech, the government has, among other things, chopped MPs' C$400 (£203)-a-year picture-framing subsidy, imposed a charge for use of the parliamentary gym, and severely curtailed free air-travel privileges.

Though minor in themselves, these cuts are a pointer to the Liberals' strategy for outflanking the two regional parties – the separatist Bloc Québécois and the prairie-based Reform party – which dominate the opposition benches.

The BQ won 54 seats, all from Quebec, in last October's general election, putting it in the incongruous position of being the official opposition.

The Reform Party won 52 seats on a platform which included fiscal restraint, and a promise of greater accountability by MPs to their constituents. The Liberals have 177 seats in the new parliament.

Mr Jean Chrétien, the prime minister, has indicated that he hopes to take the wind out of the separatists' sails by emphasising economic and social issues.

"If they [the BQ] want to talk about the constitution they will have a clean and clear answer: we're here to solve the problems of unemployment and economic growth," Mr Chrétien said at the weekend. "The debate on separation is not the reason why this Parliament will sit."

The government will present its first budget next month. Mr Paul Martin, finance minister, indicated that the tax base may be broadened to help bring down the budget deficit from an estimated C$45bn this year to around C$37bn in the year to March 31 1995.

But he said that some of the government's most far-reaching initiatives, including an overhaul of the social-security system, will only be unveiled in the 1995 budget.

Bishop at the heart of the struggle

Damian Fraser reports from San Cristóbal de las Casas on roots of Mexico's revolt

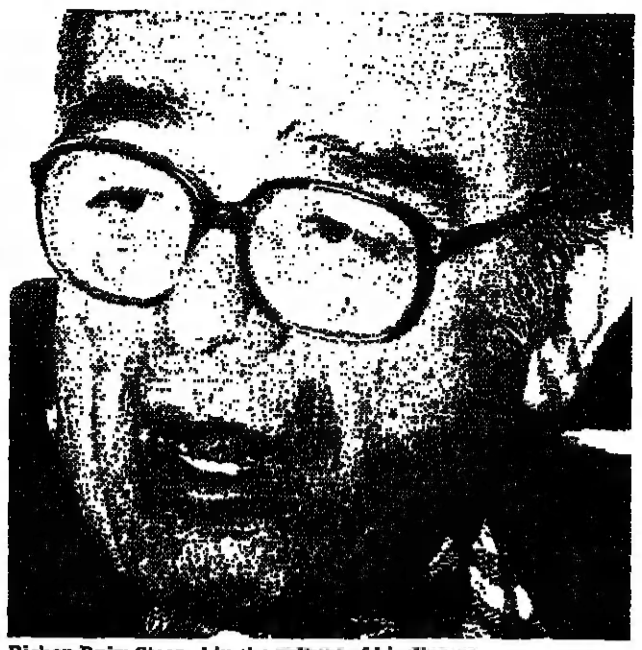
Hailed by some as a saviour of Mexican tribal people, and attacked by others as subversive radical, Bishop Samuel Ruiz of San Cristóbal de las Casas has emerged as the central figure in the search for a negotiated solution to the uprising in the southern state of Chiapas.

A short man with thick glasses and grey hair, and fluent in tribal languages, Monsignor Ruiz has been bishop at San Cristóbal for the past 34 years. His passionate fight for the rights of indigenous people has pitted him against the government, powerful local landlords and – most recently – the country's conservative Catholic hierarchy.

Over the years, Bishop Ruiz, 69, has filled his diocese with a team of radical priests, deacons and lay teachers fervently committed to the welfare of indigenous people. A close-knit group which likes to communicate by private radio, the bishop's followers are the most organised and powerful force in the Chiapas indigenous community.

The federal government, which first attacked Bishop Ruiz for fuelling the uprising, now sees his co-operation as critical to a long-term solution. Mr Manuel Camacho Solís, the government's new commissioner for peace in the area, last Friday accepted him as the mediator with the rebel Zapatista guerrillas.

The bishop was nearly removed just two months ago. Mr Girolama Prigione, the conservative papal nuncio in Mexico City, alleged that the diocese of San Cristóbal was "full of friction – and not just now, but for the past 20 years, because Don Samuel Ruiz is responsible for grave pastoral, doctrinal and government errors that conflict with the ministry of the church and offend the Pope," according to reports in newspapers.



Bishop Ruiz: Steeped in the culture of his diocese AP

The nuncio's demand for Bishop Ruiz's resignation was widely held to have been pushed by Mr Patrocinio González Garrido, a hardliner and then the interior minister. He is a former governor of the state of Chiapas. The resignation demand brought protest letters from abroad and vociferous opposition from the tribal people whom Bishop Ruiz has defended.

Now that the pacification of the rebels has become Mexico's top priority, the bishop's position is secure. He has been endorsed by the country's leading bishops; Mr González was asked to resign last Monday.

The bishop's radical views and his group's influence across the region has raised questions over his involvement in the uprising. Many find it difficult to believe that a group so well connected in the local community could not have participated in the revolt.

Bishop Ruiz, while denying any involvement with the rebels, has called the Chiapas uprising a "historic opportunity" to address the oppression of impoverished indigenous people. In his sermon last Sunday, he referred to the Zapatista Army of National Liberation as "brother insurgents".

"Samuel Ruiz, like any revolutionary, has a way of thinking. It is not Christian. It is the ideology of a revolutionary Christ, a fighting Christ," says Mr Gustavo Armendaris, a prominent businessmen and former minister in the Chiapas state government, reflecting the view of many well-off people in San Cristóbal. "He tells the Indians that we stole the land from their fathers and grandfathers. He has stirred them up."

Soon after the uprising, the local state government stated that the "first-hand versions from residents in Ocosingo and Las Margaritas indicate that some Catholic priests and their deacons are tied in with the rebels and help them with the system of radio communication from the San Cristóbal diocese."

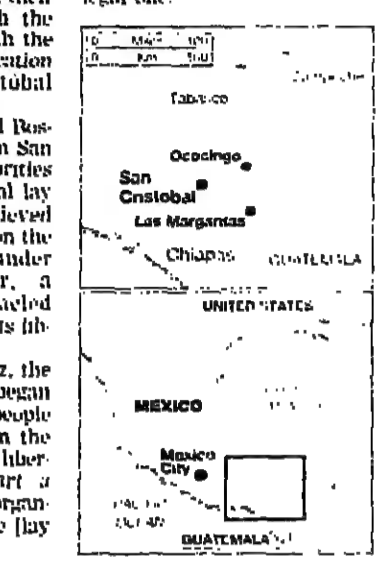
In the coffee town of El Bosque, two hours drive from San Cristóbal, the local authorities arrested and jailed several lay preachers who they believed were planning an attack on the town. These work under Father Hervé Camier, a bearded and bespectacled French priest who supports liberation theology.

Mr Julio Cesar Gonzalez, the town mayor, said: "We began to hear rumours that people were going to arrive from the villages where they back liberation theology and start a revolt, so we started to organise ourselves, and put the [lay preachers] in jail.

"A few hours later, hundreds of them came running with machetes, knives and sticks, and freed the prisoners."

Fr Camier dismisses such accusations, but says of the rebellion: "It is legitimate if the results compensate for the loss of life. We would not choose this road but we do not judge those who do." He says the catechists – mainly indigenous lay people – may have kept their support for the rebels from the priests, so as not to compromise their superiors.

In another town the local priest, who preferred not to be named, sympathised more explicitly with the rebels: "They felt that the only answer to their problems was to take up arms. They put on a military outfit and declared war. It was their solution and it was a legal one."



US special zone bids invited

By George Graham in Washington

President Bill Clinton yesterday called for applications from cities and rural areas seeking to be designated as "empowerment zones" and to receive tax breaks and federal grants.

The administration will pick six urban and three rural zones to benefit from the new privileges of an empowerment zone, including wage credits for businesses hiring local residents, extra tax write-offs and a 50 per cent capital gains tax exclusion for small business investments.

Each urban empowerment zone – similar to what used to be called an enterprise zone under Republican administrations – will also receive $100m in grants for social services; rural zones will get $40m each.

In another 95 "enterprise communities", small businesses will be allowed to issue tax exempt bonds. These communities will also receive federal grants. Several Indian reservations will also benefit.

"We have to give special attention to those areas that have been left behind in the ghetto," Vice-President Al Gore said yesterday at a White House ceremony to launch the programme, which is expected to cost around $2.5bn in tax breaks and $1bn in grants.

The creation of urban enterprise zones was a central element in Mr Clinton's election campaign, but the plan has been considerably modified by Congress. Its scope has been reduced and rural communities added to placate powerful congressional interests.

Delay on common tariff decision

Mercosur chiefs put deadline in doubt

By Angus Foster in São Paulo and John Barham in Buenos Aires

The presidents of the four member countries of Mercosur, Latin America's largest planned common market, yesterday agreed to postpone a decision on the full implementation of common external tariffs, the most controversial dispute dividing them.

The presidents of Argentina, Brazil, Paraguay and Uruguay – respectively Carlos Menem, Itamar Franco, Juan Carlos Wasmosy and Luis Alberto Lacalle – meeting in Uruguay for their regular biannual summit, said they would try to agree on tariffs by the end of June, six months later than planned.

This will make it virtually impossible for Mercosur to meet its January 1 deadline to establish a fully-fledged common market, in which goods would circulate freely while imports from outside the region would be subject to common external tariffs.

The four have agreed tariffs for trade between themselves and with other countries for about 85 per cent of goods. *These are being steadily lowered* to come into force at the beginning of next year.

However, their failure to agree on external tariffs for certain sensitive areas such as high-technology goods and chemicals means that integration can be only partial at this stage. Brazil has demanded high import tariffs to protect its advanced technology industries, while its smaller, less-industrialised partners want low tariffs.

Original hopes of bringing down tariffs on these sensitive products to the lower levels enjoyed by most products by 2001 are also likely to be delayed. Officials have mentioned a possible five-year delay until 2006 for these sensitive goods, which also include telecommunications equipment and computers.

Despite the disagreements on tariffs, which were expected, the four countries did make headway in harmonisation measures. The presidents agreed to recognise the Basle Accord that specifies capital requirements for banks, harmonise regulations for the securities industry and simplify *as well as co-ordinate* customs procedures at borders. The four countries were also due to sign joint investment protection agreements.

President Itamar Franco used the meeting to call again for Mercosur to become the base for a free-trade area for the whole of the continent. Regional rivalries, and uncertainty about Brazil's economic instability, have led to only lukewarm responses to Brazil's overtures in the past.

Despite the inter-governmental friction, companies are trading more, creating more joint ventures and alliances. Companies are increasingly treating Argentina, Brazil – and Chile – as a single market.

Trade within Mercosur last year rose by a third to an estimated $8.15bn. Brazil is Argentina's biggest export market. Argentina is Brazil's second largest market and an important oil supplier. Trade has become more evenly balanced: Argentina has increased exports to Brazil, cutting its deficit by two-thirds to $504m in the nine months to September 1993.

Mercedes bus plant in Mexico

By Kevin Done, Motor Industry Correspondent

Mercedes-Benz is to produce up to 3,000 buses and long-distance coaches a year at a DM80m (£31m) plant opened last week at Monterrey in northern Mexico.

The plant will be operated by Mercedes-Benz Omnibuses Mexico, 85 per cent owned by the German vehicle-maker's Mexican subsidiary and 15 per cent by CAIO, a Brazilian coach body-builder. Output will be sold exclusively in the domestic Mexican market, where Mercedes-Benz already has about a third of the heavy bus market (above eight tonnes).

Mercedes-Benz will supply chassis for the Monterrey facility from its main Mexican plant in Santiago Tianguistenco near Mexico City, while the bodies will be supplied from Brazil by CAIO.

The local content of the buses produced at the factory will be around 60 per cent. The workforce will rise from around 100 at present to 850 by the end of the year.

Mercedes-Benz has invested $100m (£67.5m) in Mexico in the past five years and is planning to spend another $100m.

Brittan warns on protectionism

By Lionel Barber in Brussels

Sir Leon Brittan, chief EU trade negotiator, yesterday said that moves to put environmental protection and labour standards at the top of the agenda for future world trade talks could be a pretext for protectionism.

Cautioning against "fashionable and politically correct" solutions to trade problems, Sir Leon distanced himself from recent suggestions made by US President Bill Clinton during his maiden trip to Europe as head of state.

In an address to the Centre for European Policy Studies one month after the successful conclusion of the Gatt Uruguay Round, the senior British commissioner also warned the US against the use of unilateralism in trade disputes, and against strengthening retaliatory powers under section 301 of the US Trade Act.

"The US will have to understand that it has committed itself to the multilateral process that I have described, however tempting domestic policy considerations may be to resort to unilateral action."

His words may irritate the Clinton administration, which has pledged to be "even tougher" in tackling unfair trading practices in the post-Uruguay Round era. It may also raise hackles in the US Congress, which is due to consider ratification of the Gatt accord this year.

In his speech, Sir Leon described the agreement last month as just as significant as the creation of the Gatt itself in 1947. It provided a new framework for open trade in services, a clear timetable for resolution of trade disputes, significantly lower tariffs in industrial products, and a binding agreement to reduce subsidies and protection in farm products. "It is more difficult for the law of the jungle to prevail," he said.

Before leaving for talks in Brussels with Mr Peter Sutherland, director-general of Gatt, Sir Leon added that it was important to produce better offers on market access before the February 15 deadline.

He singled out Japan as needing to improve offers on white spirits and liqueurs, though Tokyo has countered that the EU and US deal on agriculture and offers on electronics is also unsatisfactory.

On labour standards, Sir Leon expressed concern that it could lead the EU into unprofitable arguments over human rights and could be hard to administer. He also noted that the agreements attached to the Nafta free-trade agreement by the US, Canada and Mexico provided only for signatories to apply their own rules rather than impose standards from the outside.

Banana trade talks go to the wire

By David Dodwell, World Trade Editor

Negotiations over a Latin American assault on the European Union's controversial banana import regime are expected to continue today, with Latin American negotiators at odds with each other, and the European Commission alarmed that a breakdown will result in publication of a report damning its preferential trading arrangements with former colonies.

Four of five Latin American banana exporters who brought a complaint against the EU banana import regime to the General Agreement on Tariffs and Trade last year agreed at a key meeting in Costa Rica last Thursday to bow to intense Union pressure to accept Europe's proposed new banana import regime. However, the fifth – Guatemala – remains resolutely opposed to a settlement.

It has won backing from Ecuador, Panama and Honduras, which are important banana exporters, but feel they have been sold short in a proposed European compromise because they are not members of Gatt.

Consensus among the four Latin American countries willing to accept the EU compromise – Colombia, Costa Rica, Nicaragua and Venezuela – appeared fragile late yesterday, as it was reported that Nicaragua was unhappy that Costa Rica and Colombia were the main beneficiaries of compromise.

The Latin Americans were warned in a letter signed by three EU commissioners last week that the Union's new quota offer would not be improved, and would be withdrawn if it was not accepted before a Gatt panel report on the Latin American complaint is published.

Gatt officials yesterday agreed to delay release of the report to this evening, two days after the deadline for publication, in an effort to allow negotiators to reach a compromise.

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Indonesia to buy Malaysian cars

By Kieran Cooke in Kuala Lumpur

Proton, the Malaysian car manufacturer, has won its first export order in Indonesia. Under a memorandum of understanding signed in Jakarta, Indonesia will import between 1,500 and 3,000 Protons, which will be used as taxis.

The Proton sale forms part of a complex trade and investment deal being negotiated between Malaysia and Indonesia.

Under agreements signed during a visit to Indonesia last week by Mr Anwar Ibrahim, Malaysia's deputy prime minister and finance minister, Malaysia will contribute $50m to a joint venture capital company which will seek to develop small and medium-scale industries in Indonesia.

Negotiations are also under way on the possible sale to Malaysia of a number of Indonesian transport aircraft, made by the state owned Industri Pesawat Terban Nusantara, while Malaysia hopes to sell its own light trainer aircraft to Jakarta.

Malaysia has said it is investigating the manufacture of Proton components in Indonesia in order to avoid Indonesian car import duties of more than 200 per cent.

PT Citra Lamtoro, a company controlled by Mrs Hardijanti Rukmana, the daughter of Indonesian President Suharto, is to import the Protons into Indonesia.

A brother of Mrs Rukmana's is already involved in car assembly operations in Indonesia while another brother is part of an Indonesian group which recently purchased the Lamborghini car company from Chrysler of the US.

NEWS IN BRIEF

ABB power plant order tops $100m

ABB Asea Brown Boveri, the leading world's largest power engineering group, has won received an order worth more than $100m for a combined heat and power plant at Gera near Leipzig, reports **Ian Rodger in Zurich.**

The order, from Kraftwerke Gera, is the seventh ABB has received for building or refurbishing power plants in eastern Germany since the latter's integration into the federal republic.

The station will to deliver 76MW of electricity and 250MW of thermal energy for the local district heating system. ABB will supply two gas turbines, two steam turbines and the entire electrical plant. The station is to be in operation by mid-1996.

Kazakhstan pays with oilfields

The US-Turkish company United BMB and Germany's Siemens have signed a $581m contract to build a 950MW natural gas-fired power plant in the former Soviet republic of Kazakhstan, writes **Steve LeVine in Istanbul.**

Company officials said the deal involved no cash. The Caspian Sea republic has granted the two companies three proven oilfields that, over a 10-year period, are expected to make up the contract price plus interest and the cost of oilfield development. About 30 test wells have been drilled in the fields, located in the Aktubinsk region, and they are estimated to contain 60m tonnes of recoverable oil, according to BMB's chairman, Mr Ali Riza Bozkurt.

The consortium, to be led by Siemens, will build the combined-cycle plant, capable of operating on natural gas or kerosene, over a three-year period in Aktubinsk. United BMB will build the plant, and Siemens will supply the technology, including turbines and electrical equipment. Construction is to begin after the consortium and its government partner choose an oil company to help develop the field, after which a production-sharing agreement must be signed with Kazakhstan.

Unisys in Thai defence deal

Unisys, the big US computer company, yesterday announced two contracts totalling $30.2m, AP-DJ reports.

It said the Royal Thai supreme command had formally accepted the Joint Air Defence Digital Information Network (Jaddin) system. It is an integrated air defence information system designed by Unisys for Thailand. Begun in May 1991, the programme is valued at $15.2m.

Separately, Unisys said the Michigan Department of Transportation had chosen it as a qualified vendor to develop a new information technology infrastructure for the department and other state agencies.

Unisys said it was one of multiple vendors that would provide information technology services under a two-year, $15m task order contract.

GE contract for turbines

General Electric's Industrial & Power Systems unit said yesterday it had received a $12m contract from JGC of Japan to supply three steam turbines and generators to an oil refinery in Thailand, AP-DJ reports.

GE Industrial said the turbines would drive compressors at the refinery and the two generators would be used for power generation.

JGC is the engineering procurement and construction supervision company at the new Star Refinery facility, which is owned jointly by Caltex and the Petroleum Authority of Thailand.

NEWS: UK

Figures show robust growth in economy

By Philip Coggan, Economics Correspondent

A clutch of economic statistics added yesterday to recent evidence that the UK is enjoying an unusually favourable combination of strengthening growth and low inflation.

December's producer price index shows that companies did not pass on the full amount of the Budget increases in excise duties. "Inflation is under better control than it has been for a quarter of a century," claimed Mr Stephen Dorrell, financial secretary to the UK Treasury.

Meanwhile, other economic news pointed to a robust growth picture:

- December retail sales volumes recorded their highest annual increase since April 1990, according to the Confederation of British Industry's distributive trades survey.
- November's industrial production figures indicate that output has returned to pre-recessionary levels, with the index reaching 100.2 (1990 = 100). Over the three months to November, the annual increase in production was 2.7 per cent, compared with the same period in 1992. "Total industrial production is now growing strongly," said the Treasury.
- Manufacturing output in the three months to November was 0.8 per cent higher than in the previous three months and 1.8 per cent higher than in the same period in 1992. The Central Statistical Office revised upwards, from 1 to 1.5 per cent, its estimate for the annual trend in manufacturing output growth.
- Unit wage costs in the manufacturing sector rose by 0.2 per cent in the three months to November, compared with the same period in 1992. Productivity measures continued to improve with increases in manufacturing output per person employed, and per working hour.

The labour cost statistics, which showed a lower increase than expected, backed up the evidence of producer prices that UK industry faces restrained cost pressures. The producers' output price index rose by 0.5 per cent between November and December. Although this was higher than expected, and pushed the annual increase up to 4 per cent, from 3.6 per cent in November, the Central Statistical Office said that, if the Budget increases in excise duties had been passed on in full, the monthly rise would have been 0.7 per cent.

The main reason was that lower crude oil prices offset the effect on petrol prices of higher excise duties.

If food, beverages, tobacco and petroleum are excluded, the seasonally adjusted monthly increase between November and December was 0.1 per cent, making the annual rise 2.9 per cent, down from 3.1 per cent in November.

Bank eases small companies' fears

By John Gapper, Banking Editor

Mr Eddie George, governor of the Bank of England, last night argued that antagonism between banks and small companies was easing, and companies were unlikely to be constrained from contributing to recovery by a lack of finance.

Mr George spoke after publishing a Bank inquiry which found that tension had been heightened by "exaggerated expectations on one side, and insensitivity on the other", but was mainly caused by the high rate of company failures.

The Bank's largely optimistic conclusion was welcomed by groups representing small businesses. The Confederation of British Industry said the issue was of crucial importance to the economy.

High street banks also welcomed the results, including the finding that banks were "committed to the finance of the small-firm sector", and that companies recognised that banks were "not public utilities" and had to make profits.

The inquiry was conducted personally by Mr George last year after his appointment as governor and followed two studies by the Bank – on terms set by the government – which cleared banks of not passing on interest rate cuts.

Sir Nicholas Goodison, president of the British Bankers' Association, said the findings were "very welcome". He said that the earlier inquiries had been "politically motivated" and too narrow to reflect the issues involved.

The Bank's paper setting out its findings criticised banks for having shown "a lack of sophistication and sensitivity in their dealings" with Britain's 2.5m small businesses, particularly in setting their charges, and taking securities against loans. But Mr George emphasised in a speech to the Sottish CBI and Scottish Enterprise last night that he was "very encouraged" by the inquiry, and by "the extent and variety of initiatives" taken by banks, small companies and the government.

Among its findings, the inquiry concluded that banks should try to offer businesses a wider range of finance than overdrafts. It also suggested that venture capitalists and "business angels" offering equity should be encouraged.

It also said that bank managers needed additional training to be able to offer medium-term finance and other techniques to reduce debt, including factoring and invoice discounting. Small business managers also required more training.

A fire caused £1m worth of damage to the Corn Exchange in Doncaster, South Yorkshire, yesterday. Firefighters were unable to prevent the destruction of the Victorian building's roof

Gooda Names reject settlement offer

By Richard Lapper

Lloyd's Names on the loss-making Gooda Walker syndicates yesterday voted by a margin of five-to-one to reject a £900m settlement offer, dealing a decisive blow to current efforts to settle legal actions at the insurance market outside the courts.

More than 22,000 Names – the individuals whose assets have traditionally supported the market – have until the middle of next month to accept or reject the deal announced last month by Lloyd's. But it now seems highly unlikely that Lloyd's will achieve its target of persuading 70 per cent of Names – by value of the offer – to accept.

The 3,000 members of the Gooda Walker Action Group – Gooda Names taking legal action – stood to receive £220m – 24.4 per cent of the total compensation on offer – had they accepted.

"We will continue litigation in a determined fashion," said Mr Michael Deeny, the action group's chairman. He predicted that legal action would produce a significantly better settlement, and said the offer contained "deeply unsatisfactory conditions".

These included the absence of any provision for so-called "deterioration" – further claims which for action group members could amount to a further £185m on top of existing losses of £580m – and payment of the settlement in credits rather than in cash.

Some 1,563 members of the group voted against the offer, with 300 voting against and five abstentions. As a result all members of the action group are expected to reject the offer.

Over 4,000 Names in total were members of seven Gooda Walker syndicates, whose total losses could eventually reach more than £1.1bn, about a sixth of the total losses suffered by Lloyd's between 1988 and 1991.

Last week Names on Merrett syndicate 418 in 1985 indicated they would reject the offer, while Feltrim Names are expected to vote down the offer when they meet on Friday.

The Gooda Names' legal case alleging negligence by Lloyd's agents is set to come to court on April 26.

Volkswagen importer in strategy for Skoda

By John Griffiths

VAG(UK), the importer of Volkswagen and Audi cars, is to take over the management of Czech-built Skoda car imports to the UK.

Although Skoda Automobile UK will continue to have its own 220-strong dealer network, staff and commercial activities, most of its operations will be run from VAG's Milton Keynes, Buckinghamshire, headquarters.

Mr Robin Woolcock, Skoda Automobile UK's managing director, has been appointed director of Volkswagen in the UK but will also retain responsibility for Skoda until a successor can be found.

The changes announced yesterday are aimed at reducing overall operating costs and increasing efficiency for the three car brands now under the control of VAG(UK), which is wholly owned by Germany's Volkswagen group.

They are part of a strategy aiming for a four-fold increase in Skoda's UK sales, from 10,000 to 40,000, by the late 1990s.

Volkswagen, which has management control of the Czech carmaker, is already overseeing a £3.3bn investment programme in models and plant and will gain a majority share of the Czech company by the end of 1995.

Skoda Automobile UK was set up as a separate entity by VW last year to take over importation of the Czech cars from Skoda (GB), a partly Czech-owned company which had imported the cars for more than 20 years.

Airports report passenger record

By Paul Betts, Aerospace Correspondent

Fresh evidence of recovery in business and leisure travel came yesterday with annual figures showing that UK airports handled a record number of passengers last year.

BAA, the airports group, said its seven airports, including Heathrow and Gatwick in London, saw passenger numbers increase by 5 per cent last year compared with 1992 to a record 80.8m.

This followed a 6.6 per cent increase last month over the same month last year when the seven airports handled 5.7m passengers.

Heathrow saw passenger numbers rise 5.9 per cent to 47.6m last year, while traffic at Gatwick grew only 1.1 per cent to 20m.

This reflected the change in the London air traffic distribution rules which has led to several international airlines switching to Heathrow.

Traffic at Stansted, in Essex, increased 14.5 per cent to 2.7m passengers last year, while Glasgow passed the 5m mark for the first time last year with an increase of 7.4 per cent in passenger traffic.

Last month Stansted recorded growth of 24 per cent compared with December 1992.

Traffic on UK domestic routes rose by 6.4 per cent last month over December 1992, while the charter market was 7.2 per cent higher.

North Atlantic traffic rose 4 per cent last month, while other long haul traffic rose by 12.4 per cent.

Electrical goods warranties probed

By Neil Buckley

Mr Neil Hamilton, a minister at the UK Department of Trade and Industry, has asked the Office of Fair Trading to investigate the sale of extended warranties on electrical goods, following allegations that consumers were being "ripped off" by retailers.

In a written question last week to Mr Hamilton, Mr Nigel Griffiths, Labour's consumer spokesman, claimed stores were selling extended warranties for up to three times more than manufacturers charged for their own schemes.

Retailers were failing to tell customers that cheaper warranties were often available directly from manufacturers.

The OFT said yesterday it was conducting inquiries with a view to an investigation.

Such an investigation would have important implications for electrical retailers, and particularly Dixons, the UK's largest, whose extended warranty business is thought to account for up to 10 per cent of its sales and gross profits.

Mr Griffiths said electrical stores were using the sale of warranties to inflate profits.

Among examples cited by Mr Griffiths were a branch of Currys, part of the Dixons group, selling a five-year warranty for a Sony hi-fi system for £155, when Sony could provide its own warranty for £60; and a branch of Comet, part of the Kingfisher group, charging £119 for a five-year warranty for a Sony system, compared with the manufacturer's £60.

Mr John Clare, chief executive of Dixons, said manufacturers' warranties often covered only the failure of parts – sometimes with important exclusions – while those offered by retailers included all parts and labour, and covered accidental damage.

Malaysian dam 'an abuse of aid'

By James Blitz

Mr John Major, the prime minister, took the final decision to sign an aid deal with the Malaysian government which a top Whitehall mandarin described yesterday as an "abuse" of taxpayers' money.

The aid programme, to build a hydro-electric dam on Malaysia's Pergau river, has cost the British government more than £300m and is the largest expenditure ever incurred on a single project by the Overseas Development Agency.

However, Sir Timothy Lankester, the permanent secretary at the department, told MPs yesterday that, in early 1991, he repeatedly advised ministers not to sign the deal because the dam would be uneconomic until 2005, and would have a detrimental impact on the Malaysian economy.

The project has since been described by the National Audit Office, the government's accountancy watchdog as "a very bad buy", while Labour MPs claim that the aid was part of a deal by which Malaysia bought £1bn of defence equipment.

"It was an abuse of the aid programme in terms that it is an uneconomic project," Sir Timothy told the House of Commons public accounts committee yesterday.

He said that he had sent "many memoranda" to Mr Douglas Hurd not to go ahead with the project but that, in February 1991, "the final decision was taken in consultation with the current prime minister".

The preliminary decision to agree a deal with the Malaysian government was first initiated by Baroness Thatcher, when she was prime minister, in the summer of 1988.

Ministers later realised that construction of the dam was flawed. But in a statement read out at the committee yesterday, Mr Hurd said that the deal needed to be executed "because of earlier commitments".

He also said that the project had led to a significant increase in UK exports to Malaysia, making it "the right decision for British industry".

However, there have been repeated allegations that the aid programme was linked to a decision taken by Malaysia in 1988 to buy £1bn worth of defence equipment. A formal link between the two deals would be illegal under the 1966 Overseas Aid Act, but no documents have been found linking the two.

Major finally wins an uneventful victory

Kevin Brown watches the prime minister's evidence to the Scott inquiry into exports to Iraq

By normal standards, Mr John Major's appearance before the Scott inquiry into arms exports to Iraq was uneventful. By the standards of the last week, it was a triumph.

So low is the government's stock in the wake of the "back to basics" row that a poor performance by Mr Major could have been fatal for his leadership.

In the event, he delivered a confident performance that gave no ground to critics' claims that he must have known about unpublished changes to the government's guidelines for arms-related exports to Iraq.

It was not an electrifying spectacle. Baroness Thatcher struck the inquiry like a lightning bolt; Lord Howe set off an earthquake which is still rumbling; Mr Major merely looked in keeping with the grey Monday morning outside.

By the end, even Mr Robin Cook, the shadow trade and industry secretary, seemed to have accepted that fresh Tory blood was off the menu, at least for now.

But spectacle is not everything. And if Mr Major rarely looked prime ministerial, he did manage to look magisterial, if only occasionally.

Ms Presiley Baxendale, the constitutionally nervous counsel to the inquiry, did her best to unsettle the prime minister, returning again and again to questions about what he knew and when he knew it.

It became clear as the day wore on that neither Ms Baxendale nor Lord Justice Scott had any real evidence to counteract Mr Major's assertion that he knew nothing about alleged changes to the guidelines until November 1992.

Ms Baxendale tried hard as she sought to lead the prime minister into an admission that he knew, or should have known, more than he was admitting.

The judge weighed in too, occasionally conducting a long cross-examination of the prime minister; content at other times to interject a single question or comment.

But the day belonged to Mr Major. After a weekend studying the papers he looked well briefed, and aware of the strong points of his case.

He made the most of them. He had opposed a Hawk trainer deal with Iraq as Treasury chief secretary and foreign secretary on moral as well as financial grounds; he did not see documents which spelt out the debate over changes to the guidelines; intelligence briefings were not passed to him; he was not informed about public interest immunity certificates signed by other ministers to prevent the release of government documents during the Matrix-Churchill trial.

Prime minister John Major arrives to give evidence to the Scott inquiry yesterday Picture: Trevor Humphries

It was a defence which defeated the best efforts of the inquiry team. But it left opposition critics fuming that Mr Major was allowed to get away with claiming he knew nothing about the arms affair, despite holding four relevant cabinet posts during the relevant period.

"The departments through which he passed appear to have been stuffed with documents which he never saw, or which he saw but did not read to the end, or which he read but did not take in," said Mr Cook.

In the end, however, Mr Major himself probably summed up his evidence most concisely while describing his efforts to discover the truth about the alleged changes to the guidelines.

"Something I was not aware had happened suddenly turned out not to have happened," he told the inquiry. Like much else, it passed into the record without comment.

Britain in brief

Ulster peace initiative deadlocked

Sinn Féin, the political wing of the IRA, said yesterday it would make no formal response to the Downing Street Declaration on the future of Northern Ireland until it has received the clarification it has demanded from London and Dublin.

But Downing Street last night attacked Sinn Féin for trying to divert attention from its failure to embrace the peace process.

Mr Tom Hartley, Sinn Féin's national chairman, gave the first explicit confirmation of his party's stance at a Westminster press conference to publish its version of the contacts between the British government and republican leaders.

His remarks leave the UK-Irish peace initiative at an apparent impasse: London has said repeatedly that no clarification of the joint declaration is necessary.

Channel link move welcomed

Some large contractors which previously had expressed little interest in bidding for contracts to build the Channel tunnel rail link said yesterday that they would be reassessing their position as a result of reports that government was prepared to provide up to £1.5bn of public sector money to encourage private sector investment in the project.

Tarmac has yet to express a formal interest in bidding for the project. But it said yesterday that it would be reassessing its position.

Amec said that it would continue to monitor the situation but a number of issues would need to be resolved before it would consider a bid.

John Laing said that it "was monitoring the situation."

● Eurotunnel, the Channel tunnel operator, confirmed yesterday that it had received a final bill for £2.6bn from contractors building the Channel tunnel. The formal claim from contractors had been submitted as a result of request from Eurotunnel and there was no reason why this should prompt legal action. The £2.6bn represented £1.8bn at 1985 prices and 60 per cent of this had been paid already, said Eurotunnel.

Thorp licence comes into effect

The licence for the Thorp nuclear reprocessing plant at Sellafield, in Cumbria, became effective yesterday after being given the go-ahead by the British government last month.

British Nuclear Fuels, owner of the £2.8bn plant, has been waiting a year for the plant.

However, it will be occupied with preliminary tests and moving used fuel rods for reprocessing between sections of the plant for another month.

The plant is not scheduled to become fully radioactive until after the High Court has heard a legal challenge by Greenpeace, the pressure group, and Lancashire County Council, which is set for the week beginning February 7.

Way cleared for Yorks gas field

The British government yesterday cleared the way for development of the Ryedale gas fields in an environmentally sensitive part of North Yorkshire.

The four fields contain about 36bn cu ft of gas. Opposition to an earlier proposal to build a gas processing plant in the mainly agricultural Ryedale area delayed development for some years.

Kelt Energy, the main partner in the consortium developing the fields, has won approval for an alternative proposal to draw 10m cu ft of gas a day to fuel a new £30m, 40MW power plant at Knapton on behalf of ScottishPower.

SFO drops Maxwell charge

Serious Fraud Office prosecutors bringing the Maxwell trial to court yesterday dropped one of the charges against Mr Ian Maxwell and Mr Robert Bunn, the former finance director of Maxwell Communication Corporation.

The dropped charge alleged that the two men had conspired with the Robert Maxwell, Mr Kevin Maxwell and Mr Albert Fuller, a former treasurer of Mirror Group Newspapers, to defraud Bayerische Vereinsbank by falsely representing to it that the Mirror Group owned shares delivered to the bank as security for a loan facility of £25m.

Mr Ian Maxwell still faces two charges of conspiracy to defraud involving £46m. Mr Bunn remains charged with four counts of conspiracy to defraud involving £95m. Both men were present in the High Court yesterday to hear Mr Justice Phillips, formally dismiss the charge against them.

Mr Kevin Maxwell and Mr Fuller remain charged with the alleged offence involving Bayerische Vereinsbank.

BBC is sued by US drugs group

A libel case brought by US drugs company Upjohn against the BBC began yesterday in the High Court.

The company is seeking damages over allegations in a 1991 Panorama programme on the marketing and side-effects of its Halcion sleeping drug.

Michigan-based Upjohn and its UK subsidiary are claiming damages over the programme, The Halcion Nightmare, and against Professor Ian Oswald, a former professor of psychiatry at Edinburgh University, over an article published in the New York Times, which is distributed in Britain.

Prof Oswald is counter-claiming libel damages against Upjohn over what it has said in its defence.

Rover recalls 50,000 cars

Rover, a subsidiary of British Aerospace subsidiary, is recalling more than 50,000 of its 800 models because of a possible fault with seat belts.

The company is recalling all saloon and fastback models built between October 1991 and November 1993. The recall does not involve the 800 coupe model. Rover said there had been three cases of the front belt not being secured correctly to the anchorage point on the seat.

Haig Simonian reports on a computer system which makes decisions based on constantly changing variables

Europe's newest interpreter

What do a London-based cancer research fund, Greek tourism, French aerospace and pollution in Venice have in common?

All four are guinea pigs in a new project, partly funded by the European Union, to develop a ground-breaking computer-programming language to help decision-making where thousands of constantly changing variables are involved.

The four ventures are part of a research project under the EU's Esprit information technology initiative, combining state and private-sector bodies. The three-year Ecu3.5m (£2.7m) venture, now at its half-way stage, brings together the Munich-based European Computer-industry Research Centre (ECRC), a joint venture between ICL (British-based and Japanese-owned), Bull of France and Germany's Siemens, with a variety of state and private-sector end users.

Sophisticated computer software to process long strings of information in parallel, as opposed to one piece of data after another, is nothing new. In meteorology, super-computers work round the clock to predict weather patterns, based on huge quantities of data on wind speeds, atmospheric pressures and a plethora of other variables.

However, computer-based weather forecasting largely involves processing complex mathematical formulae, explains Alex Herold, a group leader at the ECRC. What is different about the new venture is that it combines four distinct types of software writing to produce a result which is closer than any predecessor to logical human thought. "Hence the name: Applause – Applications and Assessment of Parallel Processing using Logic," he says.

The new language differs from existing products in that it is designed not only to absorb vast amounts of data, but also to interpret them and draw appropriate conclusions.

Applause involves combining four programming technologies – logic programming; constraint programming (in which various conditions are imposed); parallel processing and database connection – to produce a high-level programming language for very high performance computers.

If the ECRC cracks the nut, a vast range of applications could unfold. The new language could assist any group confronted with thousands of variables and the need for very fast processing to reach real-time decisions based on potential changes between the factors involved.

If the project succeeds, it would embody the lofty aims of the controversial Esprit scheme – into which large amounts of money are being pumped by the EU and individual information technology companies – to marry pure university-based research with potential commercial applications.

For their work to bear fruit, the Munich researchers must not only develop a suitable language, but also show that it has practical uses. Only by developing the software alongside realistic applications can the scheme realise its full potential. And potential users must be persuaded that the new language is effective if they are to have the confidence to take it up for themselves.

Hence the four very different ventures with which the ECRC researchers are collaborating. All are in different parts of the EU, helping to counter criticisms that Esprit is tailored exclusively for the EU's richer northern members. The projects also deliberately cover different disciplines, even if the underlying software is the same, to build confidence in the new technology being developed in Munich.

In London, the Imperial Cancer Research Fund is working with the ECRC to use the software for research on protein synthesis. "The molecular biologists and physicists in London are trying to predict the structure of proteins," explains Herold. If it works, the software should help the laboratory researchers analyse how protein molecules react under different circumstances.

In Athens, the ECRC is working with Expert Systems International, a Greek software specialist, the Greek National Tourism Organisation and the University of Athens, to create a database and decision support system for visitors. Tourists will be able to combine information about their holiday time, budget and preferences with a vast domestic database.

The co-operation with Dassault in France could hardly be more different. At the aerospace group's Toulouse works, the project is being tailored to the needs of a busy aircraft production line, where engineers and production staff need to work on advance scheduling for future manufacturing needs.

In Venice, the ECRC is co-operating with Systems and Management, a leading Rome-based software house, to help design a new system for the city's water authorities to control pollution in one of the world's most beautiful, but also most contaminated, lagoons.

The relationship between the Venice-based water magistrature and Systems and Management, predates Applause. The software house had already been working with ICL on a new language for banking software in high-performance computing. Separately, in 1991, the magistrature's anti-pollution chief, Giorgio Ferrari, received long-awaited funding to compile a voluminous database on the possible sources of pollution in the shallow, overcrowded lagoon.

"Although everyone complains about the pollution in Venice and the lack of action, the first laws recognised the need for action back in 1936," says Ferrari. "The problem is that although the law appears very rigid, there is an ample margin for error. We needed an instrument which would help us decide if an emission could be damaging, even if it was below the legal limit, because of its potential impact with other substances in the lagoon."

Before suggesting changes to the legislation, let alone taking draconian steps such as revoking licences for local industry, Ferrari needed a database cataloguing levels of pollution, its sources and the type of emissions pouring into the waters.

The team has already completed its "census" of potential pollutants in Porto Marghera, the big industrial complex near Mestre, Venice's industrial alter ego on the mainland. Attention has now switched to Venice itself and the neighbouring island of Murano, famous for its glass-blowers. Both are huge hazards. "People forget that in Venice we have no drains," points out Ferrari. That means vast quantities of human waste flow into the lagoon every day, alongside other residues from the thousands of service industries such as hotels and restaurants which make up Venice. Murano adds other pollutants such as lead and arsenic, widely used in the glass industry.

The database will be supplemented by frequent chemical analysis of lagoon water and by a handful of automatic pollution sensor stations now operating experimentally. More automatic sensors would improve the coverage, but their installation remains prohibitively expensive, says Giuseppe Sardu, one of the research directors at Systems and Management.

Huge processing power is required to handle the quantity of information in the database, and information from the regular water samplings, and take into account the hydraulic effects caused by the heavy tidal action in the lagoon.

Once the data has been collected, Ferrari will use it alongside the new ECRC software. Combined, the two systems should make it possible to forecast pollution patterns and take decisions on any issues related to water pollution by simulating the potential environmental impact.

Combining the new software with the established database "will help us decide on granting future licences to businesses and, possibly, on revoking authorisation for others seen to be creating unmanageable pollution", says Ferrari. No software currently on the market meets such complex needs, he adds.

If the research proves successful, it is precisely such a commercially viable product that the ECRC hopes to create. Says Sardu: "We are already looking at other applications, and have identified transport fleet management as one area with considerable potential for the new language, although full-scale commerical exploitation is still probably two to three years off."

Venice has one of the world's most beautiful, but also most polluted, lagoons. The new database will catalogue emissions UPP

Catching up with bio reactions

Clive Cookson on an instrument which speeds up experiments

A new instrument, which follows the progress of biological reactions as they happen, promises to transform procedures in biomedical research.

Arnold Coffer, who runs the Imperial Cancer Research Fund's protein isolation and cloning laboratory in London, says Fisons' IAsys biosensor allows him "to obtain within minutes information that would previously have required days of experiments with dozens of test tubes, using radioactive tracer reagents".

IAsys owes its existence to a £620,000 innovation grant from the Department of Trade and Industry, which partially funded its development during the late 1980s.

The project involved two UK companies, Fisons and Plessey, with Cambridge University's Institute of Biotechnology as the academic partner. Fisons assumed full responsibility for commercialising the research in 1990, after Plessey's takeover by GEC, and set up a new biosensor company within its scientific instrument division.

David Fortune, managing director of Fisons Applied Sensor Technology, sees the project as a classic example of the role government support for pre-competitive research can play in bringing an important new technology into existence. Plessey's Caswell research centre contributed its expertise in transducers and opto-electronics, the Cambridge group its knowledge of biological surfaces and Fisons its experience in instrumentation.

"The collaboration was essential because Fisons entered without any know-how in biosensors apart from some scientific dabbling in the mid 1970s," Fortune says. "We wouldn't have been prepared to go into such a speculative new area if the DTI had not paid half the costs of our working with Chris Lowe and his group at Cambridge."

Fortune believes Fisons has emerged with a world-beating technology which is potentially valuable to about 40,000 laboratories involved in medical, pharmaceutical and biological research.

"Many hundreds of labs are looking in detail at this technique," he says.

IAsys can be used to investigate interactions between almost any pair of biological molecules, including antibody-antigen, protein-protein and ligand-receptor binding. Pharmaceutical researchers seeking a molecule to fit into a particular receptor site on a cell can measure both the speed with which candidate drugs bind to the site and the strength of the resulting bond.

Coffer's lab is using IAsys for several research projects. One example is the evaluation of new compounds which block the action of oestrogen hormones as treatments for breast cancer: the scientists make copies of the protein that serves as the oestrogen receptor in human cells and then see how strongly different candidate drugs bind to it.

"I don't think one machine will be sufficient here, now that word is getting around about what it can do," Coffer says. "Maybe two or three would satisfy the requirements of the ICRF."

The basis of IAsys is "optical evanescent wave technology". In brief, it uses light to follow the reaction between a pair of compounds. One is immobilised on the surface of the instrument's transparent cell, which is coated with dextran gel. A tiny drop of the second chemical is then added.

Any reaction between the two compounds changes the optical properties of the dextran gel. The instrument detects this by shining a laser beam on to the surface and measuring the light reflected back.

The only competition to the £50,000 IAsys is a more expensive optical biosensor developed by Pharmacia of Sweden, Fortune says. "It is quite a heavily patented area and we do not anticipate any further competition for at least the next three years."

IAsys will not produce revenue quickly enough to rescue Fisons from its present financial troubles, but it is just the sort of development the company needs to return to long-term growth and prosperity.

MANAGEMENT

—In a— Nutshell

Let your pension buy an office

The pension industry may be under siege, with the Securities and Investments Board estimating that more than three quarters of people who took out personal pensions since 1988 were given "inadequate advice".

But there is at least one *benefit available that may have* been largely ignored.

According to Personal Pension Management, part of Provident Life, businessmen and women can use their own pension funds to buy an office for their businesses.

Their businesses then pay a "rent" to the pension plan, rather than to a landlord. The property is sold on retirement and any profit is put into the pension.

These so-called Self-Invested Personal Pension Plans (SIPPs) are little known, partly because they are not attractive sales for pension salesmen working on commission. But they can produce substantial savings for groups of individuals, such as partners in the same firm, PPM says.

Personal Pension Management: 0722 414888.

A helping hand with BS 5750

With larger companies increasingly only dealing with suppliers that have adopted the BS 5750 quality standard, smaller companies may be facing an inevitable increase in their overheads.

Whatever the benefits might be, BS 5750 can be expensive to implement and maintain for smaller companies. This may put pressure on the British Standards Institute to modify the standard for smaller companies.

To discuss the increasingly pressing issues behind BS 5750 and quality, the Small Business Research Centre at Kingston University is holding a workshop of consultants, academics and lobby groups on February 16.

Details on 081 547 7247.

Richard Gourlay says the venture capital industry is lobbying for a better deal on investment trusts

The shape of things to come

When Britain's chancellor announced in his November budget that he would introduce new venture capital investment trusts, a buzz of excitement spread through the investment and small business community.

Taken with the new Enterprise Investment Scheme, which replaces the Business Expansion Scheme, and changes to rules on capital gains tax roll-over relief, the government at last appeared to be addressing the problems of private investors who fund smaller companies.

But, as ever, the devil is in the detail. With a consultative document on the new investment trusts due out at the end of the month, there is some concern that the Inland Revenue will bind them with *overly restrictive rules to avoid* the kind of shenanigans that marked the last years of the BES.

Granted, the future salesmen of the new trusts have an interest in sounding gloomy to tease more concessions from the government. But even taking their comments with a healthy pinch of salt, there appears to be a real concern that tax breaks alone may not make the scheme sufficiently attractive to justify the high risk of investing in unquoted companies.

Professional investors say excessive Inland Revenue caution could jeopardise the best attempt any government has yet made to reduce the shortage of investment capital that has dogged small and medium-sized companies since the 1930s.

For unquoted companies, properly structured trusts would hold the promise of an increase in the supply of venture capital. For investors, they would open up an area of investment that is currently dominated by professional investors.

The specific attraction for investors in the new style venture capital investment trusts (VCITs) is that dividends and capital gains on holdings would be paid free of tax. In this way they would be similar to *Personal Equity Plans.*

So what elements does the Association of Investment Trust Companies say need to be included to make VCITs attractive?

At the time of the budget, the Inland Revenue said a "substantial proportion" of the VCITs' assets should be held in unquoted trading companies. The AITC says this proportion should be 70 per cent – although the Inland Revenue may be thinking of a higher level. The 30 per cent balance should be either shares in companies that have gone public after being held as unquoted investments, the proceeds of sales, or uninvested cash, the AITC says.

It calls for a relatively long three-year period in which to invest the 70 per cent. And it says trusts should be allowed a generous period in which to reinvest proceeds of realisations.

"If the venture capital investment trusts became forced sellers (when one of its investments floated) it would become something of a dampener on the share price," says Ernest Fenton, director-general of the AITC.

Crucially, professional investors want recognition that companies seek funding though a package of financial instruments and do not only want equity. The AITC and the Inland Revenue appear to agree that qualifying investments should include loan stock, mezzanine debt instruments, preference shares and warrants as well as equity.

The AITC firmly believes there should be no limit to the size of the unquoted company in which the VCITs can invest. "There is just as much of a funding gap for larger unquoted companies," says Fenton.

If investment is restricted to the smallest companies, venture capital managers might be loathe to launch a trust.

"If the rules for venture capital trusts say we can only invest in very small companies – ie with sales less than £1m – we would not be interested [in setting up an investment trust] and I don't think many people would be," says William Eccles, a director of Foreign & Colonial Ventures which manages a quoted venture capital trust.

Finally, the AITC says it expects the 22 existing venture capital trusts – with assets of about £1.6bn and a market capitalisation of about £1.3bn – to be allowed to qualify. But it expects that less than 10 of the existing trusts would qualify under its suggested criteria.

There appears to be considerable common ground between the AITC and Inland Revenue on the above points. Where they are more likely to part company is over what the AITC says is necessary to make the trusts attractive enough to generate investor interest.

"With venture capital you get into illiquid situations," says Fenton. "Without further incentives it will be difficult to market these things." Among the additional incentives he would like to see are:

- Capital gains roll-over relief on profits made on other investments – whether the sale of ICI shares or a second home – if the profits are invested in venture capital investment trusts. This postponed CGT liability to be waived entirely if the investment in the trust is held for five years.
- No maximum limit to the amount of investment any individual can make, or a high limit of at least £100,000. Investor prudence, the AITC says, is likely to provide a natural limit.
- Any losses to be offset against income tax, as was the case with the Business Start-Up Scheme which preceded the BES.

Striking the right balance between making the scheme attractive and avoiding abuse will be a delicate task. The quoted venture capital trusts have had a poor record relative to the FT-All share index over the last 10 years – although the category did outperform the Footsie in 1993. Too many restrictions would not entice investors to risk investing in unquoted companies, even indirectly, through investment trusts.

But there is a risk if the government makes the regime too liberal. "The scheme may get distorted again into a purely tax-saving device and will not help back smaller companies," says Eccles.

Thin pickings may provide food for thought

The BES's record is likely to hang heavily over efforts to promote interest in the Enterprise Investment Scheme

It should have been such a jolly event. After nearly six years as investors in a Business Expansion Scheme that funded the Deals restaurant chain, shareholders were attending the opening of a third outlet, a finely converted building in Hammersmith, west London.

But despite the presence of Lord Lichfield, royal photographer, and the Queen's nephew, Viscount Linley – both large investors in the BES – a cloud hung over proceedings.

The free champagne at the launch party is about the only return Deals investors have seen so far. Several have begun to ask – some rather forcefully – when they might get their money back. And what about a dividend? With admirable stoicism, one shareholder summed up the extent to which expectations had slipped. "At least Deals has survived."

While this hardly smacks of an ambitious investment target, survival is indeed an achievement. The fact is that of the 1,300 publicly-funded trading companies set up under the BES scheme, less than 20 per cent have so far returned any cash to investors, according to John Spiers, editor of BESt Investment, which monitors and evaluates the schemes.

It is a record that will hang heavily over efforts to interest investors in the replacement for the BES, the Enterprise Investment Scheme, announced in the last budget by Chancellor Kenneth Clarke.

But the record is not entirely bleak. Those who invested in schemes between 1983-85 on the whole got back their gross investment and the benefit of tax breaks, according to Spiers. But those who invested in the next three years fared much worse as the recession swept many companies away.

Nevertheless, the successes are notable. The films *Leon the Pig Farmer* and *Henry V* were both critically acclaimed as box office successes and should give a handsome return to their investors. Takare and Associated Nursing, two healthcare companies now quoted, also started as BES schemes.

Shares in Resort Hotels, by contrast, are now suspended having been successfully floated. And Graham Wood, a structural steel producer, went bust in 1992, although not before it had given its original investors ample opportunity to sell in the market.

Of the 20 BES companies listed, only about half have survived, according to Tim Villiers, of the BES Association.

Broadly speaking, the finance bill published last week suggests the new EIS scheme will be modelled on BES legislation but will remove the opportunity to invest in property ventures like the assured tenancy scheme.

The legislation remains fiendishly complicated, accountants say, but there are some positive changes. Investors will be allowed to take an active and paid role on the boards of the companies in which they invest, bringing in valuable expertise.

Second, the up-front tax break for the new EIS has been cut to 20 per cent, though capital gains and dividends are free of tax.

While this is less generous than the 40 per cent tax break allowed under the old BES, it may mean investors in future take a far closer look at the underlying investment. Trading company BES schemes were too often supported for the tax incentives alone.

But the EIS is generating less interest than the Venture Capital Investment Trusts, announced in the budget (see above). According to Charles Fry, of Johnson Fry, one of the largest sponsors of BES schemes, the EIS is unlikely to raise more than £50m in its first year.

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- Storage barge including refrigeration plant.
- [illegible] barge incorporating [illegible] accommodation and storage space.
- [illegible] brow and mooring 'dolphins'.

For further [illegible] please contact P W G [illegible] or P R Sykes, joint [illegible] receivers, at the [illegible]

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[illegible] Old Bailey [illegible]
Telephone: 071 [illegible] 6193
[illegible] 6295
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Swan Industrial Minerals Limited
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For further details please contact [illegible] Holgate or Robert Coyle at [illegible] & Lybrand, [illegible] Greyfriars Road, Reading, Berkshire RG1 1JG. Telephone: [illegible] 597111. Fax: [illegible] 607703.

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[illegible], February 22

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INVITATION FOR BID

1. TURKISH ELECTRICITY AUTHORITY (TEK) now invites [illegible] consultancy [illegible] of Akkuyu Nuclear Power Plant (Reference [illegible] 94-NUK/1)
2. Interested [illegible] may [illegible] further information from [illegible] the bidding [illegible]

TEK
TURKISH ELECTRICITY AUTHORITY
FOREIGN TRADE DEPARTMENT
Inonu Bulvari No. [illegible]
[illegible] - ANKARA TURKIYE

3. A complete [illegible] Bidding [illegible] maybe purchased by any [illegible] on the submission of a written application to [illegible] in [illegible] 2 [illegible] upon payment of a non-refundable [illegible] 200,-USD or 3,000,000,-TL (incl-VAT). The [illegible] not bought [illegible] bidding [illegible] be rejected.
4. [illegible] must be [illegible] in a [illegible] and [illegible] envelope to [illegible] specified under [illegible] above, not later than [illegible] hours on 10th March [illegible].
5. The Turkish Electricity Authority is exempt from the Law Nr 2886 (of the Republic of Turkey).

TPA
SUPERANNUATION CONTRIBUTIONS COLLECTION

TEACHERS' PENSIONS AGENCY

NOTICE OF TENDERING

The Teachers' Pensions Agency (TPA) is an Executive Agency of the Department for Education. Based in Darlington, it administers the superannuation scheme for Teachers in England and Wales. The TPA is to tender the existing contribution collection [illegible] which currently embraces:

- the collection by monthly instalment of £1.6 billion (per annum) of teachers and employers superannuation contributions from 3,900 (and increasing) employers of teachers;
- maintenance of records, institution of interest demands for late payment;
- reminder action on incidence of non payment;
- the provision of regular reports and [illegible] on the above on an individualised basis.

Any company that believes it has the necessary level of experience and competence in [illegible] of work identified above [illegible] a written expression of interest before Friday 11th February 1994. A detailed business questionnaire will be forwarded and from the information received, together with extensive research and analysis, the TPA will prepare a select list. [Further background information is available from Mrs [illegible] Winship, Contributions Manager, TPA, tel 0325 392321.]

Interested companies should write to:
Central Purchasing Unit, [illegible] 0115
Department for Education
Mowden Hall,
Staindrop Road,
Darlington, Co Durham DL3 [illegible]

[illegible] additional information should be forwarded at this time.
Completed questionnaires must be returned to the above [illegible] by 25th February [illegible] marked for the attention of Neil Oxley.

BRAZILIAN TRAINING SHIP
NE "BRAZIL" PUBLIC TENDER NE. 001/94

[illegible] is hereby given that the AMRJ-NR "BRAZIL" with offices at: Ilha das Cobras, S/Nº - Rio de Janeiro, Brazil, CEP 20091-000, is accepting tenders to choose a supplier for DRY AND FROZEN [illegible] TO THE BRAZILIAN TRAINING SHIP DURING THE TRAINING CRUISE 1994. TENDERERS MUST HAVE A LEGAL REPRESENTATIVE IN BRAZIL. The latest date for submission of qualifying documents and quotations is 3pm on 16th February 1994 and the [illegible] of this Public Tender are available, at request, at the above address. For further information you may require, please contact:

NE "BRAZIL" - AMRJ
Fax: 55 21 253 6027/216 6650
Tel: 55 21 216 6653/216 6650

LEGAL NOTICES

The Insolvency Act 1986
POENSGEN SOKOLOW LIMITED
Notice is hereby given pursuant to Section 98 of The Insolvency Act 1986 that a meeting of the creditors of the above named Company will be held at Sherlock House, 7 Kenrick Place, London, W1H 3FF on [illegible] January 1994 at 12.00 noon for the purposes provided for in the Section 99 seq. A list of the names and addresses of the above Company's Creditors can be inspected at offices of Lubbock Crossley & Davis, Sherlock House, 7 Kenrick Place, London, W1H 3FF, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.
Dated this 10th January 1994
TOBIAS A. POENSGEN, Director

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS
[illegible] of company: Harrier Systems Limited. [illegible] No: 2197422. Trade [illegible] [illegible] of joint administrative [illegible] David John [illegible] and [illegible] Joseph Moore, Coopers & Lybrand, 1 East [illegible] Sheffield [illegible] holder number: 2682 and 5562. Date of appointment: [illegible] January [illegible] Name of appointer: South Yorkshire [illegible]

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EDENGARTH LIMITED
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EUGENE TAYLOR & ASSOCIATES (SCOTLAND LIMITED)
LENNEL HOUSE LIMITED
(all in administrative receivership)

NOTICE IS HEREBY GIVEN pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named companies will be held at the Beverley Inn, 117 Thorne Road, Edenthorpe, Doncaster, South Yorkshire DN3 2JE, on the [illegible] day of January 1994 at 11.00 o'clock in the forenoon, for the purpose of having laid before it a copy of the report prepared by the administrative receivers [illegible] section 48 of the said Act. The meeting may, if it thinks fit, establish a creditors' committee [illegible] the functions [illegible] on it by or under the Act.
Creditors are only entitled to vote if:
(a) they have delivered to us at Britannia House, Centre City Tower, 7 Hill Street, Birmingham, B5 4UU, no later than 1200 hours on the business day before the meeting, written details of the debts they claim to be due, and the claim has been duly admitted under the provisions of the Insolvency Rules 1986, and
(b) there had been lodged with us any proxy which the creditor intends to be used on his behalf.
Dated this 12th day of January 1994
N. JONES and A M MENZIES
Joint Administrative receivers

In the High Court of Justice Chancery [illegible] No. 0010521 of 1993
IN THE MATTER OF IGUZZINI ILLUMINAZIONE UK LIMITED and IN THE MATTER OF THE COMPANIES ACT 1985
NOTICE IS HEREBY GIVEN that [illegible] was on the 1st December 1993 presented to Her Majesty's High Court of Justice for the confirmation of the [illegible] of capital of the above-named Company from £500,000 to £121,578.
And Notice is further given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 2nd February [illegible]
Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.
Copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors upon payment of the regulated charge for the same.
Dated this 13th day of January [illegible]
[illegible]
[illegible] Lane,
London
[illegible]
[illegible] CK/FW
Solicitors for [illegible] Company

TO ADVERTISE YOUR LEGAL NOTICES
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on 071 873 [illegible]
Fax: 071 873 3064

BUSINESS AND THE LAW

Guarantees can be restricted

EUROPEAN COURT

Companies selling luxury goods under guarantee in the European Union are entitled [illegible] restrict guaran[illegible] to those goods sold through [illegible] European Commission-approved selective distribution network, [illegible] European Court of Justice ruled last week.

The [illegible] concerned the [illegible] of Cartier watches [illegible] via selective distribution networks organised around distributors selected according [illegible] qualitative criteria. The distribution agreements [illegible] between Cartier and the distribu[illegible] [illegible] found by the Commission not [illegible] fall foul [illegible] Rome treaty competition rules.

A dispute [illegible] between Cartier and Metro, a German [illegible] [illegible] carry chain. Metro [illegible] not an approved Cartier distributor, but *nonetheless had sold Cartier* watches bought from third country markets such [illegible] Switzerland for several years. Under Swiss law, approved dealers in selective distribution networks cannot refuse [illegible] supply non-approved dealers.

Cartier watches [illegible] sold with [illegible] *manufacturer's guarantee.* However, the guarantee will only [illegible] honoured if there [illegible] proof [illegible] the guarantee certificate that the watch [illegible] bought from an approved distributor. Metro claimed such a restriction [illegible] contrary to EU competition rules [illegible] brought [illegible] action before [illegible] Düsseldorf courts, seeking [illegible] declaration that Cartier [illegible] lawfully bound to honour guarantees for watches sold within the [illegible] network.

After [illegible] long series of hearings, involving two appeals to [illegible] Court of Appeal, the lower court referred the issue [illegible] [illegible] European Court. Under German law, the main issue [illegible] the effectiveness of [illegible] distribution agreement. The Appeal Court [illegible] ruled [illegible] the restric[illegible] under [illegible] selective distribution agreement relating [illegible] guaran[illegible] would only be valid if the agreement was totally effective, in other words was capable of being completely respected.

The question that was therefore [illegible] of the European Court was whether [illegible] validity [illegible] [illegible] distribution agreement in [illegible] of EU competition law was put [illegible] doubt by the fact that the agreement in question was not wholly [illegible] in countries outside the Union, thereby leading [illegible] a situation where supposedly protected goods were freely available [illegible] non-authorised dealers [illegible] eventual [illegible] within [illegible] [illegible].

The European Court [illegible] that the principle which had evolved under German law, but [illegible] practically unknown elsewhere in the EU, did not necessarily imply that contractual validity was dependent on the total effectiveness of the obligations in question.

It pointed out that if the validity of selective distribution systems were submitted to [illegible] principle, then the paradoxical result would be [illegible] the [illegible] rigid [illegible] would [illegible] treated [illegible] favourably than the [illegible] flexible agreements which allowed for parallel trading.

Given that, and the [illegible] that in some member [illegible] [illegible] application of such [illegible] principle [illegible] prohibited, [illegible] Court said that [illegible] selective distribution agreement, [illegible] [illegible] the [illegible] in question, [illegible] not put in doubt [illegible] it [illegible] not totally effective in countries out[illegible] the EU.

The Court also examined [illegible] question of the validity under EU competition law of restrictions *placed on [illegible] grant of guarantees* for watches sold by agreed distributors.

The Court [illegible] found that a contractual obligation limiting the grant of guarantees to approved distributors [illegible] thus withholding such guarantees from non-author[illegible] distributors [illegible] the [illegible] [illegible] [illegible] [illegible] contractual restrictions limiting the sale [illegible] [illegible] products [illegible] [illegible] approved distributors.

Given [illegible] the contractual obligation undertaken by the manufacturer only [illegible] sell [illegible] relevant products [illegible] approved distributors [illegible] legally valid, [illegible] well [illegible] [illegible] obligation undertaken by the approved distributors only to [illegible] the products [illegible] [illegible] [illegible] other approved distributors, [illegible] Court [illegible] [illegible] there was no [illegible] [illegible] to submit the restrictions placed [illegible] [illegible] grant of guarantees [illegible] a [illegible] [illegible] and strict legal regime.

C-376/92: Metro SB-Grossmarkte GmbH v Cartier SA, ECJ 5CH, Jan[illegible] [illegible] 1994

BRICK COURT CHAMBERS, BRUSSELS

Confusion over contracts

Draft legislation threatens another row in the UK, says **Robert Rice**

The UK's Department of Trade and Industry finds itself under fire again over plans for implementing another piece [illegible] European legislation: this time, on consumer [illegible]tracts.

The row comes just as the dust is beginning to settle after eleventh-hour changes were made to the UK commercial [illegible] rules, which left British companies only [illegible] days to renegotiate their [illegible] agreements.

The European Directive on Unfair Terms in Consumer Contracts, which must be incorporated into UK law by the end of 1994, is designed to extend the protection of [illegible] *against unfair attempts* by suppliers of goods and services [illegible] exclude, or limit their liability to, areas [illegible] covered by current UK legislation.

[illegible] [illegible] of the unfair contract terms regime to insurance and financial services contracts, and [illegible] [illegible] for [illegible] in particular, will force businesses in those sectors [illegible] make a time-consuming and possibly expensive review of all their standard [illegible] and conditions.

Consultation on the draft regulations, which will bring [illegible] law into line [illegible] Europe, ended [illegible] Friday. In theory this should leave the DTI sufficient leeway [illegible] produce [illegible] [illegible] draft in [illegible] for [illegible] [illegible] carry out an orderly review of their [illegible] [illegible] [illegible] [illegible] implementation. But lawyers and consumer organisations fear that [illegible] draft regulations [illegible] [illegible] flawed and in need of [illegible] that another fiasco, similar to that [illegible] the [illegible] [illegible] [illegible] regulations, cannot [illegible] [illegible] out.

At [illegible] general level there is con[illegible] that, rather [illegible] replacing [illegible] rules in [illegible] 1977 Unfair Contract Terms Act (UCTA), the [illegible] regulations will run alongside [illegible] current regime. [illegible] Samantha Mobley, [illegible] solicitor with [illegible] City law firm Baker & McKenzie, [illegible] [illegible] wisdom of [illegible] approach is questionable. "At a time when [illegible] government's buzz-word [illegible] deregulation, it [illegible] [illegible] sense to impose [illegible] additional layer of regulation to existing legislation," [illegible] says.

Consumer organisations agree. [illegible] Rebecca Evans, [illegible] *Consumers'* Association's consumer lawyer, says having [illegible] regimes running side-by-side will confuse traders and [illegible]. The law will have [illegible] [illegible] consolidated [illegible] [illegible] stage, but it [illegible] [illegible] clear [illegible] [illegible] government cannot introduce primary legislation [illegible] replace the [illegible] act in [illegible] to [illegible] the December 31 deadline.

Consumer organisations are also [illegible] [illegible] the DTI proposes to ignore enforcement [illegible] [illegible] [illegible] in [illegible] directive. The directive requires European Union member states [illegible] ensure that "adequate [illegible] [illegible] means" exist for [illegible] [illegible]trol of the [illegible] of unfair terms [illegible] [illegible] contracts. Those means [illegible] include the granting of legal *rights to persons [illegible] organisations* with a legitimate interest [illegible] protecting [illegible] – in other words, [illegible] organisations [illegible] be allowed to bring representative [illegible] in the courts on behalf of consumers.

This [illegible] [illegible] dilemma for the DTI, as representative [illegible] [illegible] contrary [illegible] the English law principle of privity of contract. The DTI's solution to [illegible] problem [illegible] [illegible] opt out of this part of the directive. But, again, lawyers [illegible] [illegible] on the wisdom of this approach.

The Consumers' Association, the Office of Fair Trading and [illegible] [illegible] *Consumers Council have* all pointed out [illegible] the DTI that, because of the supremacy of EU law [illegible] national law, the government [illegible] ignore part of [illegible] directive [illegible] [illegible] mandatory.

The European Commission in Brussels has [illegible] the Consumers' Association that, if [illegible] UK government fails [illegible] provide for representative action in the regulations, it will take infraction proceedings against the UK at the European Court in Luxembourg.

According [illegible] Ms Evans, consumers [illegible] the remedy of representative action. UCTA has been little used. [illegible] says, [illegible] [illegible] [illegible] deterred by [illegible] risk and expense of taking court action. *"There should be [illegible] power* [illegible] [illegible]sumer organisations [illegible] take up the cudgels [illegible] behalf of all consumers."

The other [illegible] with [illegible] [illegible] regulations centre on lack [illegible] clarity. They will, for example, introduce the concept of "unfairness" into the English law of [illegible] for [illegible] first time. UCTA imposes a general requirement that exclusion clauses [illegible] only valid if "reasonable". According [illegible] [illegible] Mobley, lawyers [illegible] the English courts will interpret the concept of unfairness [illegible] equating with reasonableness under UCTA, but [illegible] [illegible] not certain.

She and other lawyers feel the DTI should [illegible] [illegible] issue clear by spelling [illegible] [illegible] in the regulations [illegible] that businesses, particularly [illegible] with [illegible] contracts that have hith[illegible] been exempt from unfair contract terms rules, will know what standard they are measuring their contract conditions against when they review them.

In other respects the draft regulations appear [illegible] go beyond what the directive requires. The directive [illegible] [illegible] it covers terms in con[illegible] for [illegible] supply [illegible] goods or services between the supplier and the [illegible]. But according [illegible] Mr Norman Starritt, a partner of London solicitors Charles Russell, the DTI's [illegible] *regulations* do [illegible] expressly require that the goods and services are supplied [illegible] the consumer. The regulations would therefore appear to apply the fairness [illegible] not just to contracts for the supply of [illegible] and [illegible] but [illegible] to certain ancillary contracts. [illegible] could include the [illegible] of any standard bank guaran[illegible] by [illegible] wife of a bank [illegible] [illegible] her husband's business, or [illegible] parent's guarantee of a finance [illegible] for a young person to buy [illegible] car.

But it is in the extension of the unfair [illegible] terms regime [illegible] [illegible]tors currently exempt, such [illegible] con[illegible] for land, insurance and financial services, that these uncertainties and flaws in the draft regulations are likely to cause the biggest headache.

The extension of [illegible] [illegible] to the financial services industry represents a substantial departure from the current position under UCTA, where contracts [illegible] the [illegible]ation [illegible] transfer of securities or of any right [illegible] interest in securities are exempted from regulation.

Mr Peter Richards-Carpenter, [illegible] partner of Baker [illegible] [illegible], [illegible] it is clear [illegible] DTI [illegible] not intend [illegible] regulations [illegible] apply to [illegible] [illegible]ation [illegible] issue of financial securities, as [illegible] [illegible] [illegible] [illegible] financial security is neither selling [illegible] nor supplying a service; the security [illegible] simply evidence of [illegible]. But the regulations will apply [illegible] the [illegible]ary market and [illegible] relations with brokers, [illegible] [illegible] [illegible] products [illegible]ket [illegible] [illegible] all *other* transactions that manifestly involve [illegible] [illegible] or supply [illegible] goods, such [illegible] contracts for [illegible] [illegible] of commodity futures and options.

The [illegible] of the concept [illegible] unfairness to such contracts threatens [illegible] period of uncertainty [illegible] [illegible] industry. There [illegible] bound to [illegible] confusion in [illegible] number of [illegible] on [illegible] [illegible] [illegible] by an unfair [illegible] in relation to financial services [illegible]tracts, Mr Richards-Carpenter says.

The draft regulations, [illegible] [illegible]ple, [illegible] that [illegible] term will [illegible] regarded [illegible] unfair and therefore unenforceable if [illegible] [illegible] [illegible] "significant imbalance" in the parties' rights and obligations arising [illegible] [illegible] contract [illegible] [illegible] [illegible] of [illegible] [illegible]. It is not clear [illegible] taking [illegible] security [illegible] [illegible] would [illegible] regarded as unfair, [illegible] [illegible] gives [illegible] right [illegible] [illegible] provider on non-performance of the contract by [illegible] consumer [illegible] [illegible] similar right [illegible] [illegible] [illegible] for non-performance by the supplier. [illegible] [illegible] will [illegible] [illegible] [illegible] tested, he [illegible].

Amid all this uncertainty, one thing [illegible] clear: the DTI will [illegible] to [illegible] [illegible] [illegible] iron [illegible] [illegible] [illegible]ties if another embarrassing row with [illegible] is to be avoided.

LEGAL BRIEFS

Record damages for steel mill's move to China

The former [illegible] Kong-based steel mill, Shun Fung Ironworks, [illegible] won [illegible] record HK$700m in [illegible] from the Hong Kong government in compensation for [illegible] compulsory purchase in 1986 of its Junk Bay site to make way for [illegible] new town. The company had originally claimed HK$1bn [illegible] relocating [illegible] [illegible] [illegible] China and for [illegible] of profits. In June [illegible] [illegible] the Hong Kong [illegible] Tribunal awarded Shun Fung just HK$131m. But the Hong [illegible] [illegible] [illegible] Appeal overturned the judgment. The court criticised the tribunal for taking [illegible] months [illegible] hear a case [illegible] should [illegible] lasted one month and for producing [illegible] [illegible] judgment "full of [illegible]". It [illegible] Shun Fung [illegible] [illegible] to [illegible] [illegible] [illegible] [illegible] the award [illegible] too low.

A delighted [illegible] Anthony [illegible] of McKenna & Co, Shun Fung's solicitors, [illegible] the [illegible] hearing [illegible] the longest judgment in Hong Kong [illegible] [illegible] produced [illegible] highest [illegible] award.

Monopoly threat

U[illegible] solicitors' monopoly on the conduct [illegible] [illegible] [illegible] under threat [illegible] a new professional body aiming [illegible] [illegible] [illegible] [illegible] of the construction [illegible] market. The Institute of Commercial Litigators was formed by five international firms [illegible] [illegible] consultants [illegible] already handle arbitration work – James R. Knowles, Cyril Sweett, Bucknall Austin, Beard Dove and [illegible]. The institute has applied [illegible] the Lord Chancellor's Advisory Committee for [illegible] right [illegible] its [illegible] [illegible] [illegible] litigation. It plans [illegible] [illegible] clients [illegible] faster, cheaper [illegible] undercutting solicitors' fees by up to 50 per cent.

Institute director Patrick Lineen said: "[illegible] [illegible] little difference between complex [illegible] and complex litigation."

PEOPLE

HSBC invests in Paul Guidone

[illegible] [illegible] Management, the fund management arm of Britain's biggest banking group, [illegible] had to cross the Atlantic [illegible] find a [illegible] chief investment officer. Paul Guidone, 36, joins [illegible] [illegible] month from [illegible] Prudential, the [illegible] insurance giant.

For [illegible] past [illegible] [illegible] Guidone (right) [illegible] [illegible] managing director of Prudential [illegible] Investment Strategies in New Jersey and [illegible] [illegible] had worked on the fund management [illegible] of the Union Planters banking group in Ten[illegible] [illegible] [illegible] York's Equitable Life. During [illegible] time at PDI he doubled the [illegible] under management to $17bn.

Guidone's post [illegible] HSBC [illegible] [illegible] new one and his arrival marks the completion of [illegible] recruit[illegible] of a [illegible] management [illegible] which began with [illegible] arrival of Tim Ferguson, a former [illegible] executive of County NatWest Securities. Kevin Gregory, a former finance director of Mountleigh, [illegible] recruited to be finance director and John Bradell was brought in from Storehouse [illegible] [illegible] group marketing director.

[illegible] [illegible] Management manages $28bn of funds and is an amalgamation [illegible] Marinvest, in [illegible] US, James Capel [illegible] Management Group, in the UK and Europe, and [illegible] Wardley Investment Services companies in [illegible] Asia [illegible] region.

■ David Eldon, 48, who [illegible] [illegible] with [illegible] [illegible] [illegible] [illegible] [illegible] years, [illegible] been appointed an executive director [illegible] The Hongkong [illegible] Shanghai [illegible]ing Corporation, the Hongkong arm [illegible] [illegible] holdings. Alexander Au, 47, [illegible] executive [illegible] Hang Seng Bank, and Paul Cheng, 57, chairman [illegible] Inchcape Pacific, have been appointed non-executive directors. T C [illegible] [illegible] stepped down [illegible] [illegible] non-executive director, following [illegible] retirement as [illegible] chairman of Hang Seng [illegible].

Change of chairman at Ashley

James White yesterday strongly rebutted [illegible] notion that [illegible] has [illegible] [illegible] out [illegible] [illegible] post as chairman of the Ashley Group, which manufactures window blinds, despite the announcement that [illegible] will [illegible] making way for Hamish *Grossart after* [illegible] [illegible] [illegible] meeting on February 7.

[illegible] – described [illegible] "an excellent [illegible]" by [illegible] – is chairman [illegible] EFT, Quality Care Homes and [illegible] Highland [illegible]. It [illegible] understood that Grossart had [illegible] in discussion with [illegible] [illegible] [illegible] Ashley group [illegible] [illegible] [illegible] [illegible] [illegible] announced board changes.

White, 56, will remain [illegible] the board of [illegible] Ashley Group until the [illegible] of February. Tony Orton and Peter Maydon, who [illegible] as non-executive directors, will also retire then.

The Ashley Group currently [illegible] [illegible] £19m [illegible] outstanding debt, [illegible] it [illegible] yet [illegible] [illegible] legal problems relating [illegible] [illegible] sale of Digsa, the Spanish [illegible] retailing [illegible] it first bought in 1988 and which it sold in May [illegible].

"There [illegible] [illegible] [illegible] quarrel," says White. Despite rumours to [illegible] contrary, [illegible] [illegible] his departure [illegible] [illegible] board [illegible] the culmination [illegible] a process "that [illegible] [illegible] [illegible] months", involving the relocation of [illegible] company's HQ to Glasgow. [illegible] says: "Despite being [illegible] by origin I have spent 33 [illegible] in [illegible] south, and the company needs on-the-spot management."

White, a former chairman of Bunzl, [illegible] also [illegible] non-executive director of Lucas Industries. Bill [illegible] [illegible] [illegible]aging director and Robert [illegible] deputy chairman with immediate effect, and John Langlands finance director with [illegible] from February 14.

■ [illegible] [illegible] appointed Patrick Copeland [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

Copeland, 49, begins work immediately, but his [illegible] task will be to help his new employers buy additional [illegible] rather than run the [illegible] they have.

[illegible] is in [illegible] midst of an attempt to acquire [illegible] right to manage the [illegible] [illegible] group of luxury hotels. The negotiations are at a delicate stage; Forte [illegible] teamed up with George Soros's Quantum Fund in an attempt [illegible] conclude the deal.

Copeland's position [illegible] not give him [illegible] [illegible] on [illegible] main [illegible]. [illegible] joins an operational committee, [illegible] [illegible] and res[illegible] board, on which [illegible] Forte, the group chairman, also sits.

Before joining Forte, Copeland [illegible] president [illegible] Cinema International Corporation, the international film distribution and marketing joint venture owned by MCA/Universal and Paramount Studios. He spent [illegible] of [illegible] career with Grand Metropolitan, including [illegible] spell as chief [illegible] of Intercontinental Hotels Worldwide, [illegible] replaces Alan Hearn, [illegible] becomes group director, operations.

■ Norman Lamont, 51, who [illegible] his job as [illegible] chancellor of the exchequer last May, [illegible] picked up his [illegible] [illegible] chairmanship. He [illegible] [illegible] head a small investment trust being [illegible] up to invest in [illegible] [illegible] [illegible] market.

Lamont, who worked [illegible] a fund manager at merchant *bankers* [illegible] M [illegible] [illegible] entering politics, [illegible] been appointed chairman [illegible] the Taiwan Investment Trust which is due [illegible] be launched [illegible] month by [illegible] Jupiter Tyndall Group. It will be [illegible] first closed-end investment [illegible]pany in Europe investing exclusively in Taiwan and the plan is to raise [illegible].

Lamont, who was appointed [illegible] non-executive director of [illegible] M Rothschild shortly after quitting the government, is already on the [illegible] of Jupiter Tyndall's First Philippine [illegible] Trust.

■ Michael Kersey, formerly chief [illegible] [illegible] an AMEC subsidiary in Australia, [illegible] been appointed [illegible] services director of LONDON ELECTRICITY; [illegible] *Robertson, formerly* [illegible] secretary [illegible] Kingfisher, has [illegible] appointed company secretary on the retirement [illegible] Malcolm Saunders.

■ George Sarney, president and [illegible] of SIEBE Control Systems, has joined the main board.

Finance moves

[illegible] Templeman has [illegible] [illegible] gamekeeper [illegible] poacher in [illegible] new role [illegible] director responsible for [illegible] taxation [illegible] J Henry Schroder Wagg & Co.

Templeman [illegible] until [illegible] end of [illegible] [illegible] [illegible] under-secretary [illegible] the Inland Revenue, most recently in charge [illegible] [illegible] Financial Institutions Division.

He joined Schroder as [illegible] director [illegible] the [illegible] [illegible] January, and replaces Eric [illegible]brey, who will retire in June as head of [illegible] [illegible] department.

Henbrey himself joined Schroder from [illegible] job [illegible] an inspector [illegible] [illegible] in [illegible], at which [illegible] he [illegible] [illegible] was just [illegible] "trickle" of Revenue [illegible] moving [illegible] [illegible] private [illegible].

■ Tim Easun, formerly [illegible] director of Baring Securities, [illegible] [illegible] appointed md [illegible] UNION DISCOUNT [illegible] MANAGEMENT.

■ [illegible] Elmer [illegible] [illegible] appointed md [illegible] MINSTER TRUST.

■ Jacques Thunnissen [illegible] being seconded from the international department [illegible] Crédit [illegible] [illegible] [illegible] [illegible] md of CAPITAL HOME LOANS; [illegible] [illegible] [illegible] Gervasi [illegible] [illegible] returning [illegible] [illegible] parent [illegible].

■ David Cummings and [illegible] Mora del [illegible] [illegible] [illegible] appointed directors of [illegible] *BROTHERS*; David Gould, Craig Knox, Margaret Manley [illegible] Patrick Shine have [illegible] appointed directors [illegible] Lazard Investors.

■ Ed Davis [illegible] [illegible] appointed deputy md [illegible] NOMURA INTERNATIONAL; [illegible] [illegible] from Deutsche [illegible].

■ Andrew Haines [illegible] [illegible] appointed deputy md of [illegible] fixed income and money markets division [illegible] [illegible] EUROPE.

■ Michael Craven [illegible] been appointed [illegible] director [illegible] Wise Speke, part [illegible] STURGE HOLDINGS.

■ Mike Fairey [illegible] been appointed [illegible] the board [illegible] [illegible] GROUP.

■ Jeremy Norfolk, md [illegible] [illegible] Allen group of companies in Jersey, has [illegible] appointed [illegible] director [illegible] CATER ALLEN *HOLDINGS.*

■ [illegible] Malvern, mortgage director, has been [illegible] [illegible] the board of CHELTENHAM [illegible] GLOUCESTER BUILDING SOCIETY.

■ Arnie Iverson, md of WOODCHESTER CREDIT LYONNAIS *in the UK, is also* appointed md [illegible] [illegible] Credit Lyonnais Bank in Ireland.

■ Vincent O'Brien [illegible] been appointed [illegible] director [illegible] MONTAGU PRIVATE EQUITY; [illegible] moves from corporate [illegible] [illegible] Coopers & Lybrand.

■ Neil Scaife [illegible] [illegible] promoted [illegible] marketing director of [illegible] Financial Services.

■ Kevin Gardiner, formerly senior [illegible] [illegible] SG Warburg, has [illegible] appointed [illegible] vice-president and [illegible] [illegible] [illegible] [illegible] STANLEY.

■ Rupert Cottrell, formerly deputy md [illegible] Hill [illegible] [illegible] Client Management, [illegible] [illegible] appointed md of [illegible] London [illegible] [illegible] HENRY COOKE, [illegible].

■ [illegible] [illegible] Lennep, formerly country [illegible] [illegible] Taiwan, [illegible] [illegible] appointed general manager UK for [illegible] AMRO [illegible] [illegible] succession [illegible] Carel van [illegible] Spek, who returns [illegible] Amsterdam.

■ Andrew [illegible] [illegible] [illegible] appointed [illegible] director [illegible] ADJUSTING SERVICES.

■ Mark [illegible] [illegible] [illegible] *appointed a director of* RATHBONE [illegible].

■ Mark [illegible] has [illegible] appointed [illegible] [illegible] [illegible] SARASIN International Securities, [illegible] London subsidiary of Bank Sarasin.

■ David Robbie, formerly md [illegible] Standard Bank of the [illegible] [illegible] Man, [illegible] been appointed [illegible] of TYNDALL [illegible] INTERNATIONAL, [illegible] Isle [illegible] Man-based subsidiary [illegible] Tyndall Bank.

■ Nigel [illegible] has been appointed [illegible] [illegible] [illegible] WINTRUST SECURITIES.

■ Gherardo Barbini, Francis Coles, Mark Fisher, Tony Gamby, Matthew Greenburgh, David Herbert, Paul Hitchcock, James Lawrie, Guy Mullin-Henderson, Heather Nicol, Mary Walz, Andrew Wong [illegible] Kyung Hee Yoon have [illegible] appointed directors of BARING BROTHERS. Richard Allsopp, Robert Barclay, Nick Cant, Angel Cendan, Nigel Chan, Lee Chautin, Laurent de Cuniac, Anthony Davies, Gareth Evans, Adrian Faure, Gerald Galvanoni, Tony Hawes, Theo Kern, Iggy Kilayko, Mike Longthorne, Low [illegible] Kheng, Eugener Marais, Rebecca Ojeda, Daren Riley, [illegible] Robinson, Paul Taylor and Derek Wilson have [illegible] appointed [illegible] of [illegible] BARING SECURITIES Group management board.

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Concert

Carmina Quartet ripens nicely

Since its formation ten years ago the Carmina Quartet, basically Swiss but with a fine American violist, has won [redacted] European acclaim – rare for a young team in the hallowed string-quartet medium. While [redacted] players still counted as *very* young, they seemed impressively mature for their years: not always a good prognosis for [redacted]. But the quartet's Wigmore Hall recital on Saturday, slightly uneven, was greatly encouraging; there was a new sophistication in [redacted] playing, and a febrile new intensity.

It sounded like a not-quite-mature quartet intent upon developing [redacted] early promise into something [redacted]. A splendid Viennese programme was on offer: Berg's early, superb op. [redacted] Quartet (atonal music, but not "twelve-note") flanked by late Haydn and by Schubert's last, incomparable work in the medium, [redacted] in [redacted] major.

In the so-called "Emperor" Quartet from Haydn's op. 76 set, the Carmina maintained a narrow-gauge precision and delicacy. If there was [redacted] perceptible debit in [redacted] jovial-grandeur department, its [redacted] counterpoint held the ear continuously; and the famous variations on the "Emperor's Hymn" were treated as private musings, almost prayerful, taking the closest care with Haydn's almost-Wagnerian harmonies. It was no surprise, [redacted]hen, that the quartet could focus Berg's Expressionist chromatics to such electrical purpose. There, I missed only some broader trailmarks (even at his most intricate, Berg signposts his [redacted]usic with big ges[redacted]) and [redacted]ome extra muscle for the [redacted]raught rhythmic motifs.

With the grand Schubert [redacted] major there was [redacted] a new, resplendent Carmina sound. In [redacted] context it [redacted] like switching into Cinemascope and stereo – a public world, not [redacted] private one; and yet there were marks of the players' tenderest attention everywhere. Their performance was crowned by [redacted] Finale that seemed [redacted] brilliantly, insouciantly along, but with the [redacted] of [redacted] that [redacted] all the "Great" C major Symphony): something that cannot be faked histrionically, and only makes itself felt in a rigorously faithful performance.

One anxious reservation: the Carmina leader must look to his pitch, for it was worryingly hit-or-miss [redacted] his [redacted] into [redacted] ledger-lines. More than one British quartet [redacted] distinction has had an inspirational leader [redacted] blotted its copybook just [redacted] some real disadvantage [redacted]. Chamber-music [redacted] tend to have keen [redacted] evening's [redacted] with [redacted] mistuning can put them off forever.

David Murray

J[redacted] Minton was always [redacted] thing of a star. [redacted] rackety Soho life through the [redacted] and '50s, his heavy drinking and frustrated homosexuality, to [redacted] nothing of his final despairing act of suicide in 1957, have all combined to confer a certain tragic glamour upon him.

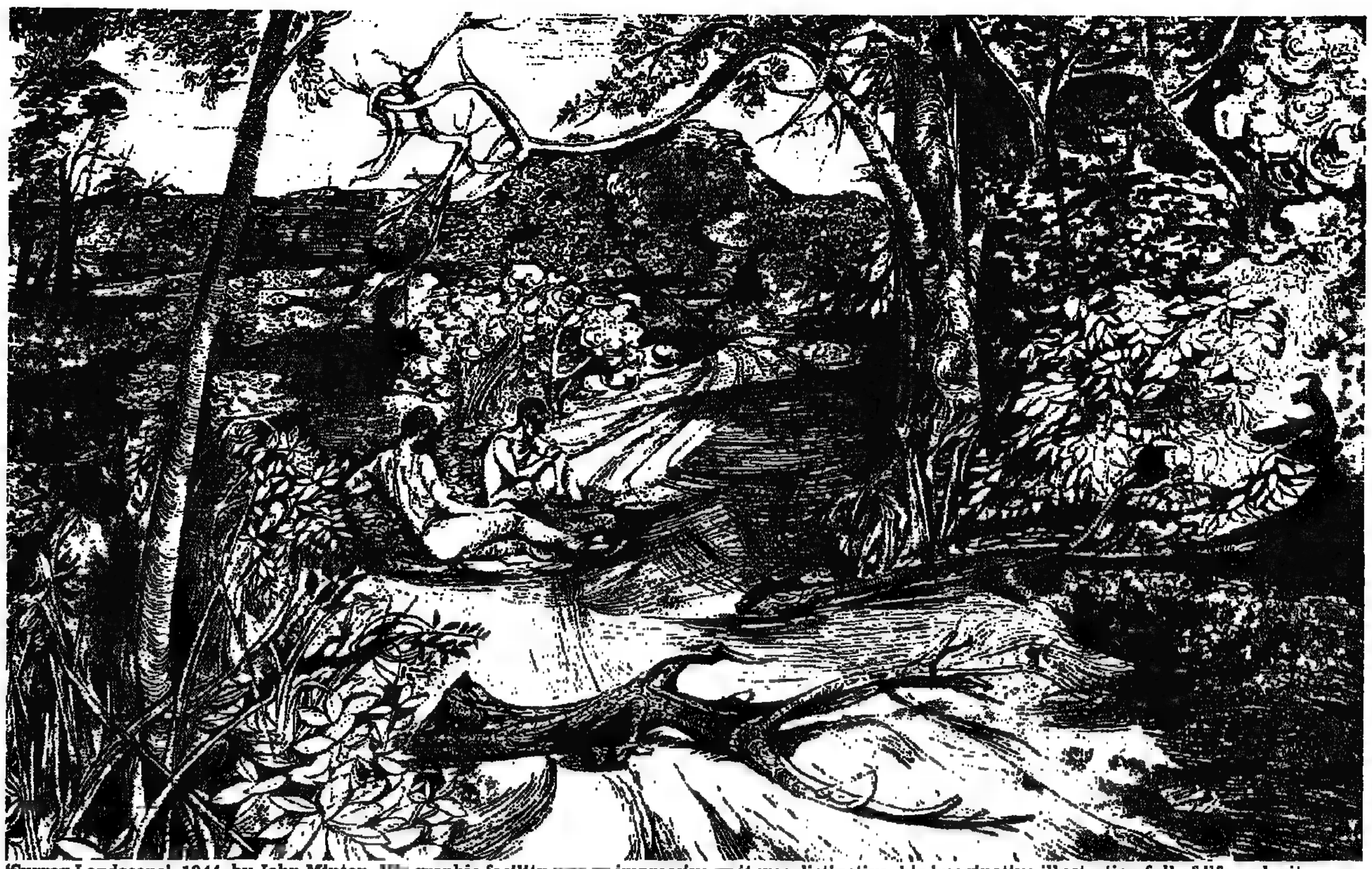
He was only 40 at his death, yet by then his work was in all the collections and it has continued as a staple of the modern British market. It would be wrong to think of his reputation as having sunk into obscurity, in need of rescue and revival: re[redacted] indeed; restoration, no.

The only real surprise is that we have had to wait so long for any proper retrospective study [redacted] his achievement. Why this should be the case, and why such [redacted] not put on long [redacted] by [redacted] perhaps, or the Arts Council, is another story, albeit [redacted] paradigm [redacted] curatorial prejudice and [redacted] in [redacted]. It [redacted] enough, for [redacted] moment, [redacted] thankful for the ini[redacted] of the [redacted] Oriel 31 [redacted] Memorial Gallery of Newtown in mid-Wales in prompting [redacted] elegant, celebratory selection [redacted] paintings [redacted] graphic work [redacted] by Dr Frances Spalding, Minton's biographer, [redacted] showing [redacted] Royal College [redacted] in London.

The circumstances [redacted] the [redacted] are, for [redacted] very much [redacted] the point, although [redacted] commitments, to teaching and [redacted] commissioned illustration and design, [redacted] their [redacted] story [redacted] tell.

Here was an artist as conspicuously [redacted] any [redacted] temporaries, [redacted] with private means. The Royal College is the perfect place [redacted] this celebration of his life's work, for he taught [redacted] painting school up to the time of his death. [redacted] would seem that he contin[redacted] by [redacted] the necessity that, historically, has [redacted] many [redacted] a living. Did [redacted] the social community and reassurance of the college to keep him going, to tell him he was not a failure?

The trouble is that after [redacted] time, for [redacted] least, teaching may come to [redacted] very doubts [redacted] insecurities it [redacted] helped [redacted], deflecting him from [redacted] activity [redacted] which [redacted] urges [redacted] persuasively, resolving [redacted] own ambition vicariously in youthful successes. Anything is better than settling down in [redacted] studio, alone, to resolve the impossible. Meanwhile his [redacted] seem set [redacted] the rejection of all [redacted] in. By the mid-1950s abstract expressionism was sweeping in from [redacted] York, setting [redacted] the college in famous [redacted] with the likes of Richard Smith and Robyn Denny. [redacted] seem [redacted] and ungrateful [redacted].



'Surrey Landscape', 1944, by John Minton. [redacted] graphic facility [redacted] impressive [redacted] it was distinctive, his imaginative illustration full of life and wit

Belated homage to a fallen star

William Packer pays tribute to the troubled genius of John Minton

Minton's illustration, advertising and graphic work [redacted] him [redacted] wider audience, and here again [redacted] upon him was similar, [redacted] quite the same: a willed device [redacted] keep him [redacted] work that [redacted] properly his [redacted], the creature of [redacted] deadline. His graphic facility was as impressive as [redacted] was distinctive, his [redacted] judgment impeccable, [redacted] imaginative illustra[redacted] full of life and wit – [redacted] show's lower gallery is full [redacted] it.

Yet [redacted] to [redacted] of life drawings, that [redacted] might expect to be [redacted] purest, most [redacted] stration of his gift, is to [redacted] disappointed. The accuracy of hand and eye [redacted] undoubted, and yet there is a quality to it [redacted] of [redacted] command and engrossed observation, but of stylistic self-consciousness, mannered and inhibited.

Upstairs with the paintings, the case is more varied [redacted] essentially the same. Just [redacted] with the draughts[redacted], [redacted] find [redacted] painter [redacted] gifts, who [redacted] intervals produced works of idiosyncratic beauty and [redacted] authority. The design is always sound, [redacted] drawing strong, the painted [redacted] always rich [redacted] substance and never dull.

[redacted] in a [redacted] body of work, yet there [redacted] it, for all [redacted] qualities, [redacted] of irresolution and distraction. A theme [redacted] taken [redacted] only [redacted] be left off, a [redacted] adopted only [redacted] be abandoned. Brave ges[redacted] are made, [redacted] braver than the late essays in latterday history painting [redacted] grand manner, [redacted] of [redacted] the [redacted] the Cross. Failures they [redacted] be, but bravely [redacted] than many a lesser painter's [redacted] pieces. [redacted] was Turner's lasting ambition, too, to [redacted] as [redacted] greatest [redacted] History Painters.

[redacted] is all most difficult, as though Minton [redacted] to be [redacted] by [redacted] very quality of his failure. Should [redacted] have reconciled himself to [redacted] a graphic artist? Of [redacted] not. Should he have stuck to the darkly Chirico-esque neo-romanticism of the deserted wartime street-scapes by which he first became known, [redacted] later, brighter, more-mannered Cornish [redacted] and Thames-side wharves? Well, an artist [redacted]. What about the portraits and full-length figures in [redacted] studio? [redacted] their kind, [redacted] of the critic, [redacted] Wallis, is the [redacted] accomplished, that [redacted] Kevin Maybury, the [redacted] formally complex [redacted] psychologically intense he ever did.

Would that there were more. Who can say he should have done less teaching, or that his work would have gone further without it? There are those who require conflict and frustration in their lives and work. [redacted] tension manifest in everything he did is what makes Minton [redacted] neo-romantic of them all. It [redacted] only [redacted] premature death [redacted] we [redacted] regret.

John Minton 1917-57: A Selective Retrospective; The Royal College [redacted] Art, Kensington Gore SW7, until February [redacted] then on [redacted] Bath, Llandudno and Newtown, Powys.

Prokofiev's 'Fiery Angel'

Among [redacted] many [redacted] effects [redacted] *glasnost*, [redacted] as extraordinary as [redacted] way in which [redacted] Opera has been galvanising opera worldwide. [redacted] only [redacted] Kirov company made influential [redacted] London, [redacted] York and other [redacted] cities, but [redacted] members are [redacted] making regular [redacted] with [redacted] troupes. And, with their help, certain [redacted] are becoming more widely known in the [redacted].

Prokofiev's *Fiery Angel* [redacted] a [redacted] in point. Suddenly it [redacted] become [redacted] property [redacted] Galina Gorchakova and Sergei Leiferkus. They performed it [redacted] Albert Hall Proms, and again in 1992 in David Freeman's staging – a co-production [redacted] Covent [redacted] and the Kirov. The central [redacted] notoriously taxing, [redacted] it [redacted] Gorchakova's international calling-card. [redacted] she [redacted] Ruprecht in Lon[redacted] – conducted, both [redacted] Albert Hall and at Covent Garden, by Edward [redacted] – they sang it in [redacted] York as part of [redacted] Kirov's 1992 season [redacted] the Met, with Valery Gergiev conducting. Now, [redacted] a new production by Giancarlo Cobelli, [redacted] ducted by Riccardo Chailly, they [redacted] singing it [redacted] La Scala, Milan.

Let me say [redacted] once that I doubt whether any lesser singers could keep me in an opera house for the length of this awkward opera. *The Fiery Angel* – [redacted] *L'Angelo di fuoco* – [redacted] on [redacted] level [redacted] psychic possession; [redacted] and Ruprecht [redacted] like characters [redacted] of Dostoyevsky. On another level, however, [redacted] terribly static. [redacted] musical modernism of Prokofiev's vocal writing, though always [redacted] and alert, [redacted] strangely externalised. [redacted] want to [redacted] nervous systems [redacted] the haunted Renata and [redacted] obsessively loyal knight Ruprecht, [redacted] music keeps us out.

Cobelli's La Scala staging [redacted] hardly [redacted] like Freeman's. The basic story is told in terms of fairly straight-forward realism in [redacted] of the stage, while distant visions show [redacted] symbolic characters of whom [redacted] hear: the fiery angel, [redacted] herself as [redacted] girl. Gradually, the

La Scala, Milan, finds [redacted] Russian singer worthy of the title role

real [redacted] unreal [redacted] become more [redacted] mixed and confused.

I am grateful for the degree [redacted] which the story's basic historical setting is maintained – nor do I miss those lumbering acrobats, covered in talc, who so percolated Freeman's staging. (Freeman, however, achieved greater force in [redacted] final scene, when the [redacted] start baring their breasts. Cobelli's [redacted] wear artificial bosoms: which [redacted] observes with altogether greater detachment.) But the opera itself [redacted] moment-by-moment dramatic tension, and neither staging [redacted] solve this problem.

Chailly's conducting is of [redacted] highest order, combining power, intensity and beauty. Every vocal line is clear [redacted] the international [redacted] is fused [redacted] an impressive ensemble. Leiferkus, with [redacted] blend of virile integrity [redacted] stern psychological force, remains [redacted] Ruprecht. And it is a thrill simply to hear the exceptional clarity of his diction. You [redacted] that no other singer in the world could make so [redacted] simply from singing Renata's name; [redacted] gives it ardour and urgency, while at the same time enouncing it [redacted] firmly as [redacted] he [redacted] engraving it on marble.

As for Gorchakova, I [redacted] as [redacted] with her as Ruprecht is [redacted] Renata. Her voice [redacted] huge, dark and heroic; and, as [redacted] it in marvellously sweeping phrases, it [redacted] an incomparable effect in a large opera house. I [redacted] the word "incomparable" advisedly; [redacted] in live performance have I heard [redacted] voice that has so excited me. I hope that La Scala soon can hear her in other Russian roles.

And, remembering that Leiferkus [redacted] now as well known here in French and Italian music as in Russian, may [redacted] hope that we can [redacted] hear Gorchakova sing Verdi? [redacted] has sung *Trovatore* and *Force of Destiny* in Russia. *Glasnost* should work two ways. These Russians singers have much to reveal [redacted] of their [redacted] heritage, but the Western repertory [redacted] help reveal [redacted] yet further, both [redacted] and [redacted] themselves.

Alastair Macaulay

[redacted] *L'Angelo [redacted] Fuoco*, sung in Russian, [redacted] in repertory at La [redacted] until January [redacted]

Old Master sales set the auction houses off to [redacted] good start

If optimism [redacted] the life blood of the art market, [redacted] got off to [redacted] perfect start in New York last week when [redacted] Master pictures, not the easiest objects to sell [redacted] the uncultured rich, did remarkably well. Christie's sale brought in $15m. (£10m.) and was [redacted] per cent sold, with [redacted] still [redacted] by Van Huysum far exceeding its $1.5m. estimate at $2.8m.

Sotheby's did equally well. There [redacted] doubts about the the late Peter Jay Sharp's collection, not about the quality but the fact that Sharp had bought them in the previous ten years [redacted] furnish [redacted] Park Avenue apartment and [redacted]quently they [redacted] entirely fresh [redacted] the market. In the event connoisseurship told, and [redacted] of the 77 lots offered sold, for a collective $19.3m, with less than 5 per cent bought in by value.

The general [redacted] Master sale at Sotheby's [redacted] Friday totalled $13.7m and was [redacted] per cent sold. A view of the Ducal Palace in Venice by Canaletto made $1.4m [redacted] against [redacted] $800,000 top estimate, and [redacted] view by John Cleveley the Elder of Royal yachts [redacted] the Thames [redacted] Greenwich sold for $552,500, a record for the 18th century artist and way ahead [redacted] $150,000 top estimate.

[redacted] Brooks, the new chief executive at Sotheby's, said yesterday that the company had returned [redacted] profit in the final quarter of 1993. The year's turnover of $1.3b [redacted] still well below the record $2.9b of [redacted] but the [redacted] had been turned. The strong demand for jewels was [redacted] key factor. They contributed [redacted] as against [redacted] for the traditional money maker, Impressionist and Modern art. [redacted] jewels [redacted] worth $150m. and Impressionist and Modern pictures $800m.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: [redacted] Ludwig song recital. Tomorrow: [redacted] Trio plays Korngold, Beethoven and Dvorak. Thurs, Fri: Charles Dutoit conducts Royal Concertgebouw Orchestra and Chorus in Boulez, [redacted] and Honegger. Sat [redacted] Leeuw [redacted] premiere of [redacted] Eclairs sur [redacted] evening: Isabelle van Keulen and Tabea Zimmermann play violin and [redacted]. Sun afternoon: Dmitri [redacted] piano soloist with Limburg Symphony Orchestra. Next Tues: Olaf Bär sings [redacted] 8345)

Muziektheater Tomorrow, Fri, next Mon, Wed and Fri: Graeme Jenkins conducts [redacted] new production of Mozart's Il re pastore, with cast led by Bruce Ford and Teresa Ringholz. [redacted] 23, 29, 30: Nederlands Dans Theater. [redacted] 27: revival [redacted] 5455)

■ ANTWERP

de Vlaamse Opera Tonight, tomorrow, Fri, [redacted] production of L'incoronazione di Poppea, with Ann Panagulias, [redacted] Beronesi, Jennifer Larmore [redacted] Guy [redacted] Mey. The production can also be seen in Ghent Jan 26-30 (03-233 6685)

deSingel Tonight: Christian Zacharias, accompanied by Beethoven Academie, gives first of three concerts devoted to Beethoven Piano Concertos. The other concerts are on Feb 1 and 15 (03-248 3800)

■ BASLE

[redacted] Tonight: Lark [redacted] string quartets by Schubert, [redacted] and [redacted]. Tomorrow, Thurs: Hubert [redacted] Symphony [redacted] in [redacted] Respighi, [redacted] piano [redacted] Roger Muraro (061-272 1176)

■ BRUSSELS

Monnaie The ENO production of Jonathan Harvey's [redacted] opera Inquest [redacted] Love, [redacted] Pountney [redacted] Lionel Friend, [redacted] on [redacted] with [redacted] cast including [redacted] Christie, [redacted] Coleman-Wight, Helen Field and Richard van Allen. Repeated Jan 25, [redacted] 30, Feb 1, 3, 5 (02-218 1211)

Palais [redacted] Beaux [redacted] Tonight: Franz Liszt Orchestra plays [redacted] by Boccherini, Mozart, Grieg, Stravinsky and Liszt, with piano [redacted] Luc Devos. Tomorrow, Thurs: Anatol Ugorksi piano recital. Fri: Roman Kofman [redacted] Belgian National Orchestra in Haydn, [redacted] Hindemith, with piano [redacted] Golub. Sat: Philippe Herreweghe conducts [redacted] oratorio L'Allegro, [redacted] ed Il [redacted] (02-507 [redacted])

■ CHICAGO

CHICAGO SYMPHONY

Tonight: Daniel [redacted] conducts works by Wagner and Bruckner. Thurs, Fri, Sat, Sun afternoon, [redacted] Tues: Daniele [redacted] Mozart, Hindemith [redacted] Prokofiev. [redacted] 27-Feb 1: [redacted] piano [redacted] in [redacted]. Feb 10-15: [redacted] Lupu plays [redacted]. Feb 17: new Elliott [redacted] (312-435 6666)

CHICAGO LYRIC OPERA

Final performances of Il [redacted] are tomorrow [redacted] Wozzeck [redacted] on Mon in [redacted] Barenboim-Chéreau production first [redacted] in Paris, with [redacted] by Franz Grundheber and Waltraud Meier. La [redacted] returns on Jan 29 with June [redacted] and [redacted] Alagna (312-332 2244)

THEATRE

■ The Destiny of Me: Larry Kramer's [redacted] autobiographical work, in which [redacted] grapples with his past [redacted] (Next Theatre Company 708-475 1875)

■ The [redacted] Juan Project: eight angles on [redacted] literature's [redacted] - from [redacted] Juan in Hell to [redacted] new feminist [redacted] (Bailwick Repertory 312-327 5252)

■ The [redacted] and Fall of Little [redacted] American premiere [redacted] Jim Cartwright's drama [redacted] young girl in northern England with an uncanny ability [redacted] imitate famous singers. Till Jan [redacted] (Steppenwolf Theater Company 312-335 1650)

■ Oleanna: David [redacted] two-hander [redacted] harassment, directed by [redacted] Maggio (Wellington [redacted] 312-975 7171)

■ GENEVA

[redacted] Hall Tomorrow: Armin Jordan conducts [redacted] la [redacted] Romande in [redacted] by Wagner, Schumann and Bartok, with [redacted] François Guye. Jan [redacted]: George Enescu Philharmonic Orchestra [redacted] Bucharest. Jan [redacted] Kent Nagano [redacted] Lyon Opera [redacted]. Jan [redacted] Vladimir Spivakov [redacted] Chamber Orchestra (022-311 2511)

■ SALZBURG

MOZARTWOCHE

In the opening concert on Sat, [redacted] young Austrian conductor Manfred Honeck [redacted] with the Vienna Philharmonic in [redacted] by Haydn [redacted]. The [redacted] other [redacted] by [redacted] Gielen [redacted] Sandor Vegh. Concerto Köln will give [redacted] concerts, [redacted] Enoch zu Guttenberg conducts Munich Bach Collegium in [redacted] arrangement [redacted] Handel's [redacted]. Piano [redacted] include Maria Tipo, [redacted] Uchida [redacted] Olli [redacted]. The chamber [redacted] programme [redacted] Hagen Quartet in a Kurtag premiere. Andras [redacted] gives [redacted] recitals, and joins Robert Holl on Jan 31 for [redacted] closing performance [redacted] Schubert's [redacted] (0662-873154)

■ VIENNA

Staatsoper Tonight, Fri, next Mon: Il [redacted]. Tomorrow and [redacted] Godunov [redacted] Ramey [redacted] Olga [redacted]. Thurs: [redacted] Jan 23, 27, [redacted] Colin [redacted] Idomeneo, with Siegfried [redacted] Anne [redacted] von Otter (51444 2955)

Kammeroper [redacted] premiere [redacted] Chérubin. Till Feb 26 (513 6072)

Musikverein Jan 24-27: Philharmonia/Sinopoli Mahler cycle (505 [redacted])

Konzerthaus Resonanzen, a celebration [redacted] 16th century music, runs daily till [redacted] (712 1211)

■ WASHINGTON

MUSIC

■ Tonight's [redacted] Symphony Orchestra concert is conducted by Daniele Gatti [redacted] includes works by Liszt and Mahler. Thurs, Fri, [redacted] Hugh Wolff [redacted] Mendelssohn, Bruch and Walton, with violin [redacted] Gil Shaham (202-467 4600)

■ Washington Opera's repertory at Eisenhower Theater [redacted] of Dominick Argento's new opera The Dream of Valentino, La fille du régiment [redacted] auf [redacted] (202-467 4600)

● [redacted] Zinman [redacted] Baltimore Symphony [redacted] in [redacted] by [redacted] Crumb, [redacted] Sibelius on Thurs, Fri, [redacted] morning at [redacted] Joseph Meyerhoff Symphony Hall, with piano [redacted] Radu Lupu (410-783 [redacted])

THEATRE

■ The Price: Arthur Miller's play about a family facing the price [redacted] life's choices, directed by Joe Dowling. Till Feb 27 at [redacted] Stage (202-488 [redacted])

● Loose Knit: Theresa Rebeck's comedy [redacted] five women in [redacted] thirties who form an old-fashioned knitting [redacted] weekly gab [redacted] in [redacted] York. Till Feb 13 [redacted] Source Theater (202-232 8012)

● Goodnight Desdemona: [redacted] winner of the Canadian Drama Award is a comedy joining [redacted] and Romeo and Juliet. Till [redacted] 13 [redacted] Woolly Mammoth (202-393 3939)

■ The Will Rogers Follies: the Tony Award-winning musical, choreographed by Tommy Tune. Daily except Mon till Jan 30 [redacted] Kennedy Center Opera House (202-467 4600)

■ ZURICH

Opernhaus Tomorrow, [redacted] Adam Fischer conducts revival of Robert Carsen's production [redacted] Lucia di Lammermoor, with Edita [redacted] Dvorsky. Thurs, Sun: Andrea Chenier with Francisco Araiza, [redacted] Giorgio Zancanaro. Fri: Fidelio with [redacted] Winbergh and Matti Salminen. Sun afternoon: Nutcracker. [redacted] Mon: [redacted] Vegh [redacted] works by Bach, Beethoven [redacted] Haydn, with piano [redacted] Rudolf Buchbinder (01-262 0909)

Tonhalle Tonight, tomorrow, Thurs: Michael [redacted] Tonhalle Orchestra in Barber, [redacted] and Dvorak, with [redacted] Simon Fuchs. Sun: George Enescu Philharmonic [redacted] of [redacted] (01-261 [redacted])

ARTS GUIDE

Monday: Berlin, [redacted] York [redacted]
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: [redacted] Guide.

European Cable [redacted] Satellite Business TV

(Central European Time)

MONDAY [redacted] FRIDAY
Super Channel: European Business Today 2230; repeated [redacted] 0715
MONDAY
Super [redacted] FT Reports 1230.
TUESDAY
Super [redacted] [redacted] of [redacted]
Euronews: FT Reports 0745, 1315, 1545, 1845, [redacted]
WEDNESDAY
Super Channel: FT Reports [redacted]
THURSDAY
Super Channel: [redacted] of [redacted] 1230; FT Reports 2130
[redacted] 0745, 1315, 1545, [redacted]
FRIDAY
Super Channel: FT Reports [redacted]
Sky [redacted] FT Reports 2030
SATURDAY
[redacted] 0330; [redacted]
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Steering in rough seas

Portuguese prime minister Anibal Cavaco Silva talks to **David Marsh** and **Peter Wise**

Portugal and its prime minister, Mr Anibal Cavaco Silva, [redacted] thank [redacted] European Union for a great deal. Financial transfers from Brussels to the second-poorest member [redacted] (after Greece) in the last [redacted] years amounted to about [redacted] a year, [redacted] to [redacted] per [redacted] of gross domestic product, and are due to double by 1999.

The funds, designed [redacted] cushion the impact of rapid structural change in the Portuguese economy, are rolling in [redacted] a difficult time. Mr Cavaco Silva calls it [redacted] "worst period" since [redacted] centre-right government took office in [redacted] Under the impact of [redacted] Europe-wide recession, Portugal last year suffered its first economic [redacted] traction for [redacted] with GDP falling by an estimated 0.5 [redacted] 1 percentage point. Officially-registered unemployment [redacted] risen [redacted] 6.2 per cent of the labour force, against 4.5 [redacted] cent [redacted] year [redacted]

At the [redacted] time, Portugal's ambition to [redacted] fully fledged member of economic and [redacted]etary union by the end of [redacted] century have been hit by cur[redacted] unrest and devaluation in [redacted] last 12 months.

In an interview [redacted] week in his palm tree-surrounded residence in the [redacted] of Lisbon, Mr Cavaco Silva, a prickly economist who [redacted] the EU's fifth longest-serving prime minister, put a brave face on his problems. "We have to prepare [redacted] Portuguese economy for a [redacted] phase. It's not easy ... This is a real challenge. But I'm doing what I am convinced [redacted] in the [redacted] of [redacted] country."

To increase competitiveness and pave the way for [redacted] anticipated 1.5 [redacted] 2 [redacted] cent [redacted] in [redacted] this year, Mr Cavaco Silva [redacted] Portuguese workers [redacted] accept [redacted] increases well below [redacted] inflation rate. The [redacted] is being [redacted] above all in the public sector, where employees are due to stage a one-day strike [redacted] January [redacted] to protest against [redacted] proposed [redacted] freeze.

The austerity is part of Mr Cavaco Silva's efforts to cut [redacted] budget deficit, which [redacted] to 8.5 per cent of GDP last year, well beyond [redacted] original forecast of 4.6 per cent. Pointing [redacted] tough pay rounds [redacted] Germany, France or Spain, [redacted] Cavaco Silva says: "Look [redacted] costs abroad. [redacted] cannot pay more [in percentage increases] than they do."

Since Portugal joined the Community [redacted] it [redacted] rapid [redacted] to [redacted] up with other member states. Despite [redacted] output growth in [redacted] 1992, Portugal between [redacted] and [redacted] annual [redacted] expansion [redacted] 3.7 per cent, 1 percentage point above the EU average.

Privatisation, particularly in the banking sector, has reversed [redacted] of [redacted] state takeovers implemented by [redacted] post-revolutionary communist government in [redacted] – contributing [redacted] general strengthening [redacted] government finances.

Mr Cavaco Silva pledges to continue privatisation sales, but admits the political sensitivity [redacted] planned sell-off in [redacted] telecommunications sector. To guard against foreign shareholders building up a dominant stake, [redacted] government [redacted] restrict [redacted] disposal [redacted] between 20 and 30 per [redacted] of [redacted] single [redacted] company which will [redacted] later this [redacted] from [redacted] restructuring of [redacted] three publicly owned telecommunications [redacted]

[redacted] general election due in October 1995, the prime minister [redacted] testing time in [redacted] next two years. His job has been [redacted] more difficult by a quickening in [redacted] of global economic competition. There [redacted] main reasons [redacted]

- As a condition for part of [redacted] increase in [redacted] from Brussels, Portugal [redacted] accelerated the dismantling of protec[redacted] agriculture. This [redacted] been necessary as part of [redacted] relying [redacted] on industry. Only 12 [redacted] of the labour [redacted] now works on the land, compared with 22 per cent in 1985.
- Competition has increased from countries in [redacted] and central Europe offering low [redacted] and investment opportunities for foreign [redacted]panies. Lisbon plays down [redacted] that Portugal [redacted] losing foreign investment [redacted] Czech Republic or Hungary. However, [redacted] economic [redacted] from [redacted] one reason the government rules out [redacted] firm time[redacted] former communist states [redacted] join [redacted] EU.
- The relatively firm exchange [redacted] since Portugal joined the exchange [redacted] mechanism in [redacted] has added to pressure on companies [redacted] cut costs. Portugal devalued the [redacted] – in November 1992 and [redacted] – when [redacted] Spanish peseta [redacted] under speculative attack, and was forced, [redacted] other [redacted] members, to move [redacted] 15 per [redacted] fluctuation bands [redacted] August. However, strong foreign buying has brought the escudo back [redacted] July's level against the D-Mark.

Declaring that industrialists can [redacted] longer rely on devaluation to [redacted] foreign sales, Mr Cavaco Silva [redacted] "The government is not going to help inefficient enterprises [redacted] survive. They must look to new factors of competition – not just [redacted] low [redacted], but to quality and marketing."

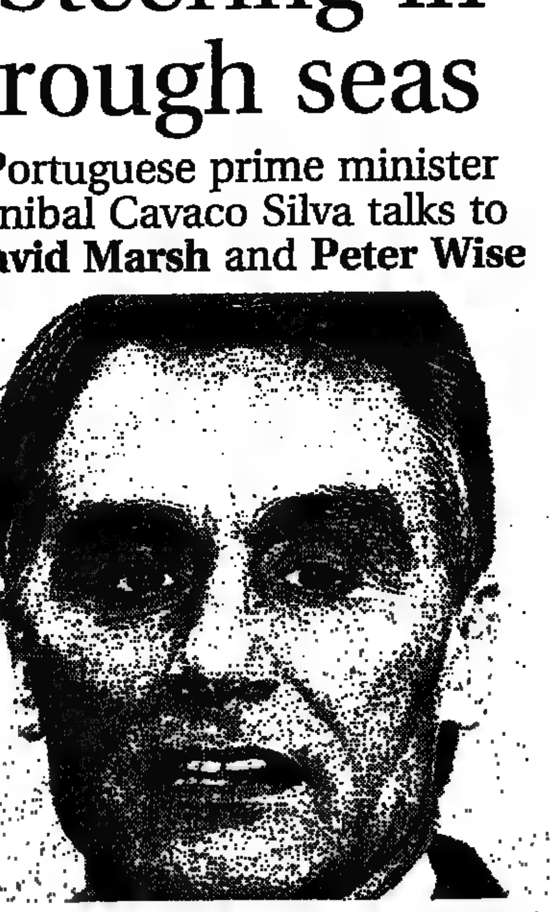
Last month's Uruguay Round conclusion [redacted] the General Agreement on Tariffs and Trade will, Mr Cavaco Silva says, intensify pressure on Portuguese business to modernise. Towards the end of the negotiations, Portugal voiced concern [redacted] the impact [redacted] trade liberalisation on textiles, which [redacted] up 30 per [redacted] exports. However, Mr Cavaco Silva now says the trade deal – like the escudo policy – will have [redacted] positive impact by "changing the mentality of [Portuguese] entrepreneurs".

With 21 months before [redacted] general election, Mr Cavaco [redacted] Social Democrat party is riding relatively high in the opinion polls, [redacted] though [redacted] won only [redacted] the vote in December's municipal [redacted]

Mr Cavaco Silva brushes [redacted] signs of tension with Mr [redacted] Soares, Portugal's vet[redacted] Socialist president, who [redacted] started [redacted] well-publicised offensive against [redacted] government's economic and social policies. Mr Cavaco Silva – [redacted] Mr Soares' [redacted] a largely [redacted] – [redacted] the criticism has been stage-managed by the presi[redacted] "entourage".

[redacted] professes [redacted] great [redacted] Mr [redacted] next presidential election in January 1996. [redacted] does, however, say [redacted] will stay on as prime minister only if his party wins another absolute parliamentary majority in October [redacted] year. [redacted] would have [redacted] qualms, he claims, about returning [redacted] university: "I [redacted] my job as [redacted] professor."

If [redacted] at the helm, steering Portugal through [redacted] phase of European integration [redacted] end of the [redacted]tury will [redacted] arduous task. The country [redacted] reform [redacted] economic structures with redoubled energy. Otherwise, as Europe's [redacted] of gravity [redacted] eastwards and northwards, Portugal will again suffer from its location on Europe's [redacted] periphery.



Suan D. Franklin

[redacted] Silva: [redacted] the '[redacted] period' since he [redacted]

Joe Rogaly

It *is* a moral issue

Mr Douglas Hurd would do us all [redacted] service if he could overcome his natural shy[redacted] and get [redacted] know Mr Michael Portillo. The foreign secretary and the chief [redacted]tary to the Treasury [redacted] one another in cabinet, and presumably elsewhere, but they [redacted] not close friends. Perhaps they [redacted] be. They [redacted], [redacted] all, both Conservatives.

They are not alike. There [redacted] meeting of minds. In a [redacted]tinental European country they would belong [redacted] parties, the senior of the pair perhaps [redacted] Christian Democrat, the junior more probably a liberal nationalist. One difference is [redacted] particular importance. Mr Hurd will be [redacted] in March. Mr Portillo [redacted] nearly [redacted] quarter of [redacted] century younger. The former [redacted] one shot [redacted] the prime ministership: the latter is still preparing, [redacted] assiduously, for his own [redacted] the [redacted] pole.

They do, however, have [redacted] thing in [redacted] Unlike [redacted] general [redacted] of their colleagues, both [redacted] of substance. Few would disagree with [redacted] characterisation of [redacted] foreign secretary. Many remain to [redacted] convinced that Mr Portillo deserves his reputation [redacted] class act. [redacted] is, [redacted] will be objected, untested. [redacted] not yet [redacted] put in charge [redacted] large spending department. True, but [redacted] stands out as [redacted] able, [redacted] coherent, than many who have.

This is of [redacted] importance. Where there is so much dross, every glister of true metal, however dim, is valuable. Britain's cabinet [redacted] exceptionally undistinguished. You do not need [redacted] the fingers of one [redacted] number the ministers who deserve to [redacted] taken seriously. Ask senior officials [redacted] players [redacted] the political game to suggest who does and you will find [redacted] Mr Portillo and Mr Hurd very nearly complete [redacted] list. That is one good [redacted] to promote a discourse between them, but there is another.

Politics everywhere has become debased. Many [redacted] its practitioners are adrift, cut off from intellectual, ideological, religious [redacted] ethical moorings. Parties [redacted] the left are floundering just as much as those on the right. Like the Conservatives, Labour exists only to seek office. This is most obviously a consequence [redacted] the collapse of communism, but the roots of the problem [redacted] deeper. The discipline of what [redacted] once called political economy, and is [redacted] described as economics, has become amoral, a series of algebraic abstractions designed by the most expensive witch-doctors in history. The [redacted] their equations, the [redacted] they [redacted]

This would have horrified Adam Smith, who [redacted] professor of moral philosophy, [redacted] John Maynard Keynes, [redacted] principal purpose, like [redacted] Marx, [redacted] improve the [redacted] of society. It might have troubled F. A. Hayek, whose morally driven deconstruction of collectivist modes of thought laid [redacted] foundations of late 20th century anarchic individualism. All would doubtless have [redacted] obliged [redacted] while cash flow [redacted] fine on paper, [redacted] carry something [redacted] in our hearts. If there is public disquiet at the political process it may [redacted] because economics has failed us. The cult [redacted] has begun [redacted] seen as imperfect.

> **If for 14 years you preach disrespect for everything save th[redacted] profit and loss account the result is the 1990s**

Neither Mr Hurd nor [redacted] Portillo would pretend [redacted] be qualified [redacted] make up for [redacted] in the theory of contemporary capitalism, but both [redacted] the merit that they appear to be [redacted] that [redacted] is [redacted]ing. "Right across the democratic world," said [redacted] Hurd on Friday, "there is [redacted] feeling that politicians have lost touch with those whom they [redacted]" He instanced Italy, France, Germany, Japan, Canada the US and even Britain as countries in which this mood could be detected. "Tories are not simply interested [redacted] piling up [redacted] in individual pockets," he asserted [redacted] another point in his speech. "Our policies aim to improve the well-being of individuals and families, but also of [redacted] community as a whole." The Labour party could promise [redacted]

Mr Portillo seeks to fill in the blanks by proclamation. "Our mission must be to rebuild national confidence [redacted] self-belief," [redacted] said [redacted] Friday. "We [redacted] the value and the quality of the [redacted] and of British institutions." A cynical poison had [redacted] spread by pessimists. Too many politicians, academics, churchmen, authors, commentators and journalists [redacted] the [redacted] pretender [redacted] a "new British disease" – [redacted] "self-destructive sickness [redacted] national cynicism". The result [redacted] respect for the crown, [redacted] Church, Parliament. [redacted] not respected [redacted] would [redacted] "law, judges [redacted] policemen, nor professors nor teachers nor social workers, nor bosses, [redacted] foremen".

The standard-bearer [redacted] Tory right was not at his most prudent when he penned those words. It [redacted] his heroine, Lady Thatcher, who aimed the fier[redacted] at the bishops: she, it seemed [redacted] the time, who controlled royal [redacted] the erstwhile prime minister herself whose rule by overwhelming majority diminished the House [redacted] Commons.

During the 1980s Thatcherites de-professionalised the professors, destroyed the sense of vocation [redacted] teachers and [redacted] and poured scorn on social [redacted] The civic infra[redacted] was systematically destroyed; anything with a tradition was regarded as a vested interest [redacted] be "taken on" and, ultimately, "privatised". The gods in [redacted] Tory right's political pantheon infected the decade with the false belief that [redacted]verything good is bought [redacted] sold, [redacted] nothing that does not [redacted] a price is of value.

Now that same rightwing faction is panicking. What has happened to the nuclear family? To responsibility? To reverence for authority? "Social disorder follows when respect breaks down," said Mr Portillo. He might more accura[redacted] have said that, if for 14 [redacted] you preach disrespect for everything [redacted] the profit and [redacted] account, [redacted] result [redacted] the 1990s. Mr [redacted] better. Why he hangs in there as foreign [redacted]tary [redacted] a mystery. [redacted] motivated by [redacted] old-fashioned sense [redacted] duty. He should try to convey the wisdom of [redacted] to [redacted] They could [redacted] quiet dinner, [redacted] into the night. They will not [redacted] a new form of capitalism that [redacted] less nihilistic [redacted] than the extreme Anglo-American smash-everything model. [redacted] together, they might begin, however dimly, to comprehend the problem. We could [redacted] moving again, in the only direction available [redacted] forwards.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 [redacted] *Letters transmitted should [redacted] clearly typed and [redacted] hand written. Please set [redacted] for finest resolution*

Franc zone move will hit public investment

From Dr J Toporowski.

Sir, Your excellent report on [redacted] CFA (Communauté Financière Africaine) franc devaluation ("IMF persuades French [redacted] for growth", January 13) omitted two important points in the franc zone devaluation debate. First, the fixed exchange rate against the French franc was originally [redacted] provide monetary stability and relatively low prices for imported investment goods.

In contrast to the rest of Africa, the [redacted] achieved [redacted] record of remarkable monetary stability. It is unfortunate [redacted] successive French governments preferred to stock their ex-colonies with arms and kept in power [redacted] which preferred relatively cheap imported luxury goods to industrialisation.

Second, with African franc zone countries [redacted] committed to orthodox "adjustment" policies, it [redacted] highly unlikely the International Monetary Fund's grip on public finances will allow public investment on a sufficient scale [redacted] sustained economic growth. The temporary economic accelerations the World [redacted] and [redacted] have managed to engineer in Ghana and Nigeria [redacted] in part because they were able [redacted] export [redacted] erstwhile hard currency markets in neighbouring franc zone countries. In addition to the inflationary shock that franc [redacted] countries will experience, their neighbours will suffer from reduced regional export markets. Economic stagnation in [redacted] Africa will exacerbate *tensions in [redacted] embryonic economic union Ecowas (Economic Community of West African States).*

J Toporowski,
[redacted] *economics,*
[redacted] *University,*
103 Borough Road,
London [redacted] 0AA

Company bidding to run national lottery 'truly independent'

From Sir Christopher [redacted]

Sir, Lex [redacted] if Ladbroke Group can disinterestedly "run betting shops, football pools and the lottery" ("National lottery", January 11). Quite simply, the answer is yes. Ladbroke will [redacted] only [redacted] one-third equity investor in Games [redacted] Good Causes, the consortium company established to bid [redacted] the main operator's [redacted] the national lottery. The company [redacted] truly independent and free-standing, with no managerial or operational relationship with Ladbroke or Vernons [redacted] with strong representation from non-executive [redacted] emphasise our commitment to Cadbury recommendations on corporate [redacted]

Our approach [redacted] wholly consistent with [redacted] content of indications given by both government and [redacted] regulator with respect [redacted] the structure of ownership and control of any prospective operator.

The particular [redacted] of Ladbroke, [redacted] terms [redacted] the [redacted] knowledge [redacted] Vernons Pools as [redacted] of [redacted]cessfully running regulated [redacted] games in [redacted] UK, represents [redacted] unique [redacted] directly relevant attribute which [redacted] been incorporated into [redacted] bid proposals.

Should [redacted] be [redacted] in [redacted] application, [redacted] consortium company will then [redacted] obliged, under [redacted] licence commitments, [redacted] operate effectively [redacted] responsibly and, in particular, to compete strongly against [redacted] variety [redacted] existing forms [redacted] consumer spending, [redacted] which certain betting [redacted] gaming activities form only [redacted] part.

Christopher Benson
chairman,
Games for Good Causes,
Compass House,
Redan Place,
London W2 4SA

More not less in the prize kitty

From Mr Alan McGill.

Sir, I [redacted] both Mr I G Baillie and Mr J H Shimmins (Letters, January 13). There will be no reduction in the number of smaller premium bond prizes when [redacted] £1m jackpot prize is introduced in April.

The overall size of the prize [redacted] has been increased to accommodate the new structure for prizes in the £5,000 to £1m [redacted] And we will [redacted]tinue [redacted] more than [redacted] of the smaller value prizes [redacted] £100, £500 [redacted] £1,000.

[redacted] the [redacted] winning have not become more remote as Mr Shimmins suggests. The odds of any single £1 bond winning a prize in any monthly draw remain unchanged [redacted] 15,000 to one, but there will be more money to be won.

Alan McGill,
controller,
premium bond office,
National Savings,
Blackpool FY3 9YP

Right balance for investment regulation

From Mr [redacted] Bryant [redacted] Mr [redacted]

Sir, It is all too [redacted] accuse the life industry, particularly the [redacted] now [redacted] Life, [redacted] rocking the Personal Investment Authority boat [redacted] consequently [redacted] efforts [redacted] achieve [redacted] regulation of the retail investment sector. A row about whether industry interests, [redacted] interests, should [redacted] a majority on the new [redacted] board may seem [redacted] many to be akin to the "angels dancing [redacted] a pin" debate.

But [redacted] dispute is [redacted] symptom of a wider industry concern: either [redacted] regulation [redacted] on a statutory [redacted] in [redacted] UK, with proper reporting [redacted] accountability [redacted] Parliament, [redacted] regulation should be by the industry itself – it [redacted] already paying for it – with the ability for consumers, and their representatives, [redacted] publicly, and have [redacted] the Securities [redacted] Investments Board, if they believe that the industry's own attempts [redacted]ulation [redacted] ineffective.

An eminent retired civil [redacted]vant, Sir [redacted] Clucas, with no axe [redacted] grind, [redacted] self-regulatory body with [redacted] between product providers, independent advisers [redacted] with [redacted] one [redacted] having predominance, was in the best [redacted] of retail investment regulation. He came to that [redacted] in the knowledge that the primary regulator, SIB, already had a majority [redacted] public inter[redacted] and, [redacted] day, SIB is [redacted] ultimate [redacted] self-regulating organ[redacted] developments.

It [redacted] Andrew Large, the SIB chairman, [redacted] overthrow this [redacted] which is a [redacted] of self-regulation within [redacted] statutory framework.

[redacted] it [redacted] Jim [redacted] Standard Life who [redacted] upsetting [redacted] regulatory applecart: he [redacted] merely pursuing the logic [redacted] self-regulation and emphasising [redacted] Mr Large's course [redacted] ultimate [redacted] other than statutory regulation with accountability [redacted] Parliament.

Michael Bryant,
[redacted] Rittner,
[redacted] *Brothers,*
University [redacted]
Lower Grosvenor [redacted]
[redacted] *SW1W 0EX*

Bond scheme could remove 'black hole' of CAP spending

From Mr Terry Wynn, MEP.

Sir, Your headline, "Steichen [redacted] no more farm reform needed" (January 7), is misleading and worried [redacted] us who would like to see a [redacted] radical reform of the Common Agricultural Policy (CAP). The [redacted] may feel that [redacted] sector should not [redacted] further adjustment [redacted] but [redacted] sugar, wine and [redacted] sectors will need to be reformed before then.

It is not [redacted] whether we [redacted] pay for the existing reforms and the General Agreement on Tariffs and Trade-imposed price reductions within [redacted] current legally binding agricultural spending ceiling. The [redacted] European [redacted] December 1993 [redacted] clearly that if [redacted] put further pressure on [redacted] reformed CAP, it would take [redacted] steps (namely, [redacted] compensate [redacted] price reductions) [redacted] respecting the [redacted] of [redacted] Edinburgh Council [redacted] stay within [redacted] agricultural guideline (the legally binding budgetary ceiling). We need to ask ourselves what "taking the [redacted] steps while respecting [redacted] guideline" means.

[redacted] only mean one [redacted] two things. Either member [redacted] take the money from their own pockets and therefore begin to re-nationalise the CAP, which would [redacted] unthinkable, or they accept [redacted] re-reforming the CAP which [redacted] not [redacted] the budget. The only way [redacted] do this is through compensation in the form of one-off, transfer[redacted] bonds, which would [redacted]pensate for price reductions and give farmers [redacted] time-limited, annual [redacted] or [redacted] lump sum allowing them to invest [redacted] diversify. Either way they [redacted] plan for the future. Economists have calculated that this would save the EC budget £3.8bn a year.

European taxpayers are paying £28bn this [redacted] for the CAP. It would be better spent [redacted] proper food, rural, and environment policies. The "bond" scheme is [redacted] mechanism which can [redacted] this, and free us from the [redacted] hole [redacted] CAP spending.

Terry Wynn,
chairman, [redacted] use and food policy inter-group,
Europ[redacted] Parliament,
97 [redacted]
[redacted] *Brussels, Belgium*

FINANCIAL TIMES

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Business and the banks

There is always a risk in economic and financial policy that ministers and central bankers will respond to the last [illegible] but one while ignoring the signs of [illegible] to [illegible]. The debate about the relationship between [illegible] banks and small business in Britain is a case in point.

Bankers can never expect to be popular. But the widespread disillusionment now felt by small business [illegible] over high bank charges and high-handed behaviour is primarily [illegible] reflection [illegible] the unusual [illegible] cycle. Individual banks and bankers are no doubt at fault – there can be no respectable excuse for charging for the bank manager's time when the client has paid for [illegible] banker's lunch. But [illegible] the Governor of the Bank of England rightly [illegible] yesterday, banks [illegible] less [illegible] blame [illegible] responsible [illegible] wayward macro-economic management.

In [illegible] recession [illegible] early [illegible] big [illegible] suffered disproportionately because a [illegible] monetary [illegible] chiefly through [illegible] overval[illegible] exchange [illegible]. The [illegible] sector [illegible] economy, in which [illegible] majority [illegible] small businesses operate, escaped relatively lightly. In the [illegible] imparted mainly through [illegible] sharp increase in [illegible] rates, which [illegible] nominal house prices to fall [illegible] the first [illegible] since the second [illegible] war. [illegible] most small [illegible] in [illegible] overborrowed [illegible] borrowings are [illegible] owners' homes, [illegible] unprecedented double disinflationary shock was devastating.

Against such a background it is galling for small business to see banks widening their margins as they seek to restore profitability and bolster capital, especially in the light [illegible] the banks' high-profile lending [illegible] in [illegible] property and [illegible]. Yet it [illegible] important to remember that small [illegible] lending is not notably profitable [illegible] the banks. As the governor has pointed out, the high [illegible] have had to provide £3bn against a small business loan book [illegible] over the past [illegible] and-a-half [illegible]. It [illegible] the personal customer, not small business, [illegible] has been cross-subsidising [illegible] profitable operations in [illegible]; and it is the per[illegible] customer who [illegible] recently been [illegible] heavily mugged, [illegible] of mis-selling by [illegible] banks' [illegible] of pensions [illegible].

It [illegible] from all this that [illegible] first priority in addressing [illegible] should [illegible] to improve [illegible] monetary policy. The [illegible] should be [illegible] acknowledge [illegible] nomic [illegible] in Britain [illegible] inspire [illegible] that [illegible] business balance sheet [illegible] better fire-proofing. That points [illegible] number [illegible] long-touted [illegible] more equity, [illegible] term, [illegible] lending [illegible] place [illegible] can [illegible] withdrawn on [illegible] and [illegible] emphasis [illegible] cash [illegible] of [illegible] in lending.

Much of this [illegible] happening already. The [illegible] end [illegible] postwar pattern [illegible] ment [illegible] equities by [illegible] personal sector [illegible] only be helpful: [illegible] institutional capital market is one in which so-called business angels will thrive. At the top end of the [illegible] buoyant equity [illegible] has [illegible] flow of [illegible] capital into [illegible] quoted companies. Lower down, [illegible] lending is growing [illegible] in [illegible] disinflationary [illegible] have surplus capital and [illegible] anxious to lend again. The margins, [illegible] tedly, [illegible]. But as bank profits recover, competition [illegible] reas[illegible] itself. The Office of Fair Trading should be [illegible] look [illegible] market failure here.

Testing Mr Assad

Syria, under President Hafez al-Assad, has long prided [illegible] on representing the true [illegible] heart of Arab nationalism. While the late President Sadat of Egypt, and most recently Mr Yassir Arafat, the chairman of the Palestine [illegible] Organisation, broke Arab ranks to secure or seek [illegible] separate deal with Israel, the Syrians remained constant in their determination to force Israel into a just and comprehensive [illegible] that satisfied all Arab aspirations.

That, at least, is how the regime in Damascus has sought to portray [illegible]. So, when [illegible] Assad says in public, and in the presence of US President Bill Clinton, that Syria has made [illegible] strategic choice for peace and is prepared to establish normal relations with all its neighbours, the international community and Israel should pay attention.

Not surprisingly, Mr [illegible] and his advisers sought to place the most positive, even [illegible], interpretation on Mr Assad's statements in Geneva on Sunday. Mr Assad has not survived in the Middle East [illegible] so long without measuring his actions and words with consummate care. But he has now [illegible] in public [illegible] had [illegible] demanded from him by both Israel [illegible] the US, [illegible] thus [illegible] some way towards answering the [illegible] that he [illegible] doing nothing to prepare the Syrian people for the possibility of peace.

The price demanded by Mr Assad is, in large part, well [illegible] and formed the basis on which Syria attended the opening of the peace process in Madrid more than [illegible] years ago. Mr Assad will accept nothing less that the full implementation of UN Security Council [illegible] 242 [illegible] which, for him, means a total Israeli withdrawal from [illegible] Heights [illegible] in [illegible]. But Mr [illegible] independent [illegible] for [illegible] and [illegible] the [illegible] withdraw from south Lebanon. [illegible] the only durable solution is one which equally [illegible] all [illegible] issues, [illegible] view [illegible] in [illegible] by Mr Clinton.

[illegible] but one [illegible] for [illegible] Mr Assad's [illegible] and [illegible] depth [illegible] his commitment to [illegible] Arab negotiating partners. And [illegible] is by announcing [illegible] willingness [illegible] acknowledge Syrian sovereignty [illegible] Golan Heights, in return for [illegible] specific commitment from Mr Assad [illegible] the normalisation of relations with Israel. Such a [illegible] would require [illegible] politically [illegible] geous step from Mr Yitzhak Rabin, [illegible] prime [illegible]. But until he [illegible] it, [illegible] cannot [illegible] sure [illegible] another, [illegible] perhaps [illegible] best, opportunity for Middle [illegible] being [illegible] to go begging.

Two-speed link

The British government's vacillation over building a fast rail link to [illegible] Channel tunnel has given a new meaning [illegible] term "two-speed Europe". When the [illegible] in May, trains from Paris [illegible] will travel [illegible] complete [illegible] journey from [illegible] to [illegible] at about 47mph. [illegible] year, [illegible] President François Mitterrand rightly poked fun at [illegible] slow-coach approach.

Now it appears ministers [illegible] finally prepared [illegible] commit [illegible] public funds are [illegible] make the [illegible] financially viable [illegible] private [illegible]. A beauty [illegible] to [illegible] the private part[illegible] will start shortly. Though [illegible] link will still not be ready until 2002, this determination [illegible] a [illegible] partnership with [illegible] private [illegible] is [illegible].

The government's original [illegible] was to think the private sector could handle the [illegible] project on [illegible] own. Public [illegible] funds are needed because [illegible] link will have social benefits that cannot easily be turned into profitable business. Active government involvement will also be vital to overcome legislative and regulatory hurdles.

Nevertheless, the government's [illegible] of using the private sector [illegible] build the link was not wholly misconceived. Competitive private enterprise [illegible] suited [illegible] design, build and operate such projects than [illegible] public sector. Involving private [illegible] should [illegible] minimise [illegible] on [illegible] public purse.

Ministers' current [illegible] of [illegible] joint [illegible] public and pri[illegible] provide [illegible] of both worlds. But such a partnership will [illegible] be easy [illegible] age. For a start, government should smarten up [illegible] negotiating act. Off-the-record suggestions that the public [illegible] put [illegible] £1bn-£1.5bn are [illegible] helpful, [illegible] they could merely encourage [illegible] inflate their profit margins. The purpose [illegible] competitive tendering should be [illegible] get [illegible] money for taxpayers.

Even more tricky will [illegible] to [illegible] clearly between the public and private [illegible]. Will government compensate the private partner if legislation [illegible] authorise [illegible] link is delayed [illegible] safety regu[illegible] tightened? Ministers will [illegible] questions carefully if they are [illegible] avoid destructive wrangles in the future.

Making [illegible] of the [illegible] rail link is [illegible] simply [illegible] important goal in its own right. Given [illegible] status as [illegible] flagship project, [illegible] will have repercussions for [illegible] government's wider [illegible] for [illegible] ing private capital [illegible] public [illegible] structure. [illegible] with the Channel link will [illegible] companies that [illegible] do [illegible] with government.

David Goodhart examines the UK's options for tackling unemployment among unskilled young men

How to get the drop-outs back in

Trevor Donnelly, [illegible] 22

'I've been on two YTs and three ETs and I still haven't got a job.'

Phillip Donnelly, aged 23

'I just sit in the house, play the guitar. You just get sick, bored.'

Robert Oxley, aged 25

'It's no good having [illegible] lot of training if there are no prospects at the end of it.'

Darren Chow, aged [illegible]

'At the end of the training, I just got hoyed back on the dole.'

Unskilled men are not wanted by UK employers. Displaced by machines, women and the cheaper labour of workers in developing countries, nearly one in three of them [illegible] not have a job.

Such men – and the young unskilled in particular – spoil the picture of falling registered unemployment, which last [illegible] dipped [illegible] 10 [illegible] cent for the first time in 18 months.

According to Mr Jonathan Wadsworth, an economist at the London School of Economics, 18.2 [illegible] cent of low-skill males (those with only CSEs below grade 1 [illegible] no formal qualifications) are now unemployed compared with only 5 per cent of graduates. [illegible] the figure for low-skill males, he [illegible] understates the problem [illegible] unskilled [illegible] have [illegible] labour market altogether by, for instance, signing up [illegible] long-term sickness benefit. [illegible] 1977 and 1991, the proportion of low-skill men with jobs fell from [illegible] per [illegible] per cent.

The extent of this collapse in [illegible] for low-skilled men [illegible] only recently caught [illegible] attention [illegible] policymakers; anxiety in Whitehall [illegible] been prompted at least partly by [illegible] growing, semi-permanent underclass [illegible] fuelling rising crime.

[illegible] deepened by a belief that unskilled [illegible] unemployment [illegible] no longer cyclical, [illegible] it [illegible] in [illegible] past. During the [illegible] experts [illegible] if such [illegible] be kept in touch [illegible] the [illegible] market through temporary [illegible] schemes they [illegible] a job when the [illegible] picked up.

But [illegible] relatively well-paid, "good jobs" that unskilled [illegible] used [illegible] do – in the [illegible] industry [illegible] – have disappeared for good. Employment growth [illegible] past two decades has been in less well-paid, [illegible] part-time jobs [illegible] the service [illegible]. [illegible] service-sector employment grew by [illegible] in [illegible] 1980s, industrial employment [illegible] by 31.2 [illegible]. As a result [illegible] this switch, [illegible] are [illegible] as likely [illegible] redundant, [illegible] redun[illegible] are under [illegible], according [illegible] Employment Department study [illegible] week.

Displaced unskilled men are reluctant [illegible] take low-paid "women's jobs" [illegible] pride [illegible] because pay rates are too low to justify coming [illegible] security. In [illegible] case employers usually prefer [illegible] women, [illegible] they [illegible] generally more productive and flexible.

At [illegible] same time, unskilled [illegible] men are finding other [illegible] closing. In the early postwar decades, the armed [illegible] up to 10 per cent of 16-year-old male school-leavers [illegible] but [illegible] only [illegible] few hundred. For many [illegible] the most disadvantaged young men in [illegible], the [illegible] had provided self-esteem, [illegible] skills and, [illegible] needed, high-quality remedial [illegible].

With conventional employment [illegible] blocked, a growing [illegible] of [illegible] earns an [illegible] and gains [illegible] sense [illegible] worth through crime or drugs. "A lot [illegible] young men who once got their social values [illegible] the army [illegible] now getting them [illegible] prison," says [illegible] Vivien Stern, director of the [illegible] Association for the Care and Resettlement [illegible] (Nacro).

Several [illegible] studies have established [illegible] link between rising numbers of young males outside the labour market [illegible] rising crime. In [illegible] UK, Mr [illegible] Pyle, a Leicester university expert [illegible] the economics of crime, [illegible] that [illegible] crime-unemployment link is difficult to prove, but [illegible] has [illegible] a 10 per [illegible] in unemployment [illegible] per cent increase in burglary.

Male youth unemployment – although currently more than 20 per cent – has not been [illegible] focus of national attention since [illegible] early 1980s, when [illegible] outbreak of inner-city riots prompted fears [illegible] generation [illegible] youth [illegible] work. That is partly [illegible] are lower, [illegible] slower birth rate in the 1970s, and more young people are staying [illegible] at school.

But many [illegible] danger of long-term [illegible] young men is [illegible] much greater. "A minority [illegible] young men [illegible] always been involved in [illegible] or [illegible] behaviour. In [illegible] they [illegible] into apprenticeships, jobs or marriage, and [illegible] law-abiding citizens. [illegible] doing that," [illegible] director of [illegible] Policy [illegible] Institute, the UK think-tank.

Government attempts [illegible] catch [illegible] male drop-outs [illegible] had mixed results. [illegible] want every 16- [illegible] 19-year-old [illegible] either in full-time education [illegible] training, or [illegible] job leading [illegible] a qualification. [illegible] training, [illegible] with a big expansion [illegible] further education, is clearly part of the [illegible] when [illegible] proportion of low-skilled jobs is falling so rapidly, from 60 per [illegible] to [illegible] per [illegible] since 1979, [illegible] Mr [illegible]sworth of [illegible] LSE.

In November, the government unveiled its [illegible] apprenticeship initiative, [illegible] finding high-quality training places for 40,000 young people a year by 1996. But Whitehall [illegible] acknowledge [illegible] for others [illegible] main existing training schemes – Youth Training and Training [illegible] Work for [illegible] – often provide neither adequate training [illegible] "real" work. Moreover, [illegible] people are [illegible] covered [illegible] all: [illegible] study by Tyneside Training [illegible] Enterprise [illegible] found [illegible] nearly 10 [illegible] cent [illegible] all school-lea[illegible] in Newcastle were dropping [illegible] of the system altogether.

For [illegible] and poorly educated minority, many [illegible] training-linked job-creation solutions seem inappropriate, [illegible] least as the first step, because they [illegible] seem [illegible] anything.

What [illegible] the alternatives? One option, with which the government is experimenting in a dozen pilot schemes, [illegible] try [illegible] price the low-[illegible] unemployed into real jobs. [illegible] of these pilots, such as the "Workstart" scheme, subsidise employers' labour costs, [illegible] workers [illegible] paid [illegible] gives [illegible] an incentive to come [illegible] benefit. Such schemes [illegible] in line with European Commission [illegible] for cutting employers' social security [illegible] for the low skilled.

Other pilots, such as the "portfolio worker scheme", try [illegible] encourage adjustment [illegible] the growth in part-time employment by financially supporting unemployed workers as they build [illegible] portfolio [illegible] or [illegible] part-time jobs, rather [illegible] a suitable full-time [illegible]. Full Employment UK, [illegible] jobs consultancy, [illegible] working [illegible] similar plan which will [illegible] volun[illegible] days' [illegible] a week [illegible] in growing [illegible] nesses, in the hope [illegible] job will be offered at [illegible] end.

[illegible] alternative, more [illegible] option for helping [illegible] unemployed is [illegible] the government to become an "employer of [illegible] resort", by funding infrastructure projects, such as road building. But such [illegible] can be costly.

Also likely [illegible] be ruled out on grounds of expense, is a return to the [illegible] Community Programme which created 250,000 jobs a year but, because it paid close [illegible] the rate for the job, incurred an annual cost of [illegible] than £1bn.

Nevertheless, the government is interested in less ambitious community work schemes. A [illegible] version, Community Action, launched last year, will give priority to unemployed 18- to 24-year-olds and hopes to provide 80,000 part-time work places at a cost of £120m a year. But it is expected [illegible] pay a wage only a little higher than unemployment benefit, and is therefore unlikely to fill all the places.

The problem [illegible] familiar. With most of the £2.5bn spent by the government each year on measures for the unemployed still committed to training schemes, the money available [illegible] alternatives of pricing the unemployed back into work [illegible] creating community jobs is limited.

A radical alternative being canvassed by some employment experts – mostly in private because of the political sensitivities – is to create some sort of "peace corps", or civilian national service, for those young people who by choice or accident slip through the training net.

Ms Stern of Nacro agrees there is a danger of stigma becoming attached [illegible] such a scheme if it was reserved only for people at the bot[illegible] of the heap. But she believes there [illegible] need for a national project which combines discipline, self-discovery and [illegible]ity work, borrowing from the schemes for inner-city youth run by the Prince of Wales' Trust.

Crucially, says Ms Stern, such [illegible] scheme should appeal [illegible] young men raised in [illegible] tough street culture. "Such people despise half-baked training schemes. Far better to have something like a 'youth action force', perhaps run by [illegible] glamorous local institution like a football club, which would inject a sense of fun and purpose," she says.

Though Nacro has no blueprint to offer, it has had local successes finding jobs in the performing arts and music industries for former young offenders. Nacro believes [illegible] imagination is required to tap the skills of young drop-outs.

So far there is no sign of any political party backing a compulsory programme of civilian national service. As [illegible] half-way measure, ministers might consider withdrawing [illegible] from any unemployed [illegible] under 25 [illegible] refuses [illegible] join [illegible] approved project in the voluntary [illegible], such as those teaching entrepreneurship [illegible] deprived housing [illegible].

That [illegible] would [illegible] money – which [illegible] government does [illegible] have. But if [illegible] find an alternative means of intervening effectively [illegible] equip unskilled youths [illegible] ability [illegible] get [illegible] in mainstream society, many of today's unemployed will become an even [illegible] burden [illegible] government resources later in [illegible] lives.

Many hands light on work

Chris Tighe canvasses the jobless on training schemes

"Training [illegible] They're crap."

Darren Chow, [illegible], unemployed, [illegible] of one [illegible] with another due in [illegible], [illegible] scheme veteran: he [illegible] been on five [illegible] leaving [illegible] with [illegible] CSEs but [illegible] had a "proper job". "At the end [illegible] the training, I just got hoyed [thrown] [illegible] on the [illegible]. They don't get you into work."

Benwell, [illegible] area [illegible] in which Chow lives, once housed [illegible] of families whose male [illegible] worked [illegible] the [illegible] engineering complex and other heavy industrial [illegible] along the River Tyne. Today, [illegible] but, like [illegible] workplaces along the river, [illegible] now employs [illegible] but a highly trained, skilled [illegible].

Chow has picked up Youth Training qualifications [illegible] painter and decorator, a City [illegible] Guilds in catering from a year [illegible] college and a criminal record – 14 months in prison for attacking an inspector on Tyneside's [illegible] network.

This month he [illegible] a Job Club, a government-sponsored initiative to help [illegible] unemployed find work. If it proves fruitless, he plans [illegible] return [illegible] college for more [illegible] ing training. "I've kept out [illegible] trouble for [illegible] and [illegible]. I can't afford [illegible] into trouble now with my children," he [illegible]. "I'd [illegible] a [illegible] lad today if I'd got a job."

Along [illegible] road, brothers Trevor and Phillip Donnelly, 22 and [illegible], [illegible] walking [illegible] supermarket. "I've been on [illegible] YTs and [illegible] [employment training schemes] and I still haven't got a job," [illegible] Trevor. "The [illegible] YT was [illegible] a butchery. They had [illegible] sweeping floors. It [illegible] rubbish. It was [illegible] months [illegible] they'd let you scrub the blocks."

His latest [illegible] gave him fork-lift truck-driving experience, but no job. He [illegible] on the [illegible] a year. "I might [illegible] just [illegible] of the house."

Phillip, jobless [illegible] nine months, [illegible] had one proper job – [illegible] short-term [illegible] as a hospital [illegible]. His mother [illegible] that up. A hospital cleaner, [illegible] the only one in the family of seven working.

Neither Trevor [illegible] Phillip has [illegible] been in trouble. "I just sit in [illegible] house, play [illegible] guitar," says Phillip. "You just get sick, bored." [illegible] surviving on £69 [illegible] a fortnight, they would be happy to earn [illegible] a [illegible]. "I'm not asking for [illegible] money," says Trevor.

[illegible] with training [illegible] widespread. But [illegible] West End [illegible] a [illegible] giving real prospects [illegible] work for unskilled men. The government-funded [illegible]castle City Challenge urban regeneration initiative [illegible] employed Larry Watt, an experienced [illegible] project [illegible], [illegible] persuade companies [illegible] it awards building contracts to recruit local people [illegible] work on site.

[illegible] job is [illegible] many [illegible] believe trainees lack skills. [illegible] Watt [illegible] dogged, and the West End trainees he offers [illegible] have skills: they have attended a Tyne[illegible] scheme run by Jarvis, [illegible] company, which offers [illegible] weeks [illegible] concentrated training, including site experience, in brick-laying or joinery, and [illegible] National [illegible] Qualification.

So [illegible] West End [illegible] have [illegible] scheme. Half [illegible] now employed [illegible] are [illegible] in training [illegible] Jarvis. For some [illegible] as 29-year-old [illegible] Wilson, [illegible] on [illegible] placement and about [illegible] hear [illegible] the [illegible] is to employ him, it [illegible] helped [illegible] a history [illegible] school truancy, patchy employment and a criminal record.

[illegible] like [illegible] Oxley, 25, employed by a contractor improving the [illegible] End [illegible] where [illegible] lives, it [illegible] been [illegible] chance [illegible] gain [illegible] job [illegible] joinery skills.

"It's up to employers [illegible] give people [illegible] chance," [illegible] says. "There [illegible] be better quality of training, [illegible] better prospects. It's no good having a lot [illegible] training [illegible] no prospects [illegible] the [illegible] of it."

OBSERVER

Economy class only

■ [illegible] airline flights [illegible] them [illegible] more [illegible] than alive [illegible] consider linking [illegible] with USAir, which [illegible] frequent flyer [illegible] the existentially-challenged, otherwise [illegible] deceased.

USAir now [illegible] free round trip flight in the US for every 30 bodies they ship on the company's flights. It's [illegible] business; no [illegible] than 3 per [illegible] traffic [illegible] the transport [illegible] corpses. The airline – which claims [illegible] be the number one carrier [illegible] pension paradise of Florida – is particularly [illegible] flying the [illegible] home.

[illegible] programme is part of USAir's [illegible] Loving [illegible] scheme, [illegible] October. It's obviously working; [illegible] by 30 per [illegible] since it [illegible] started. USAir, [illegible] public [illegible] imaginatively describes [illegible] niche market as "healthy and profitable", [illegible] bodies [illegible] month.

Then there were six

■ [illegible] one [illegible] perks [illegible] the job of being the [illegible] chief [illegible]. [illegible] Treasury [illegible] not going [illegible] replace Andrew Sentance, the CBI representative [illegible] its panel of independent economic forecasters, following [illegible] move [illegible] London [illegible] School.

The group [illegible] about half way through [illegible] two-year [illegible] advising Alan Budd, the government's chief economist, and [illegible] achieved [illegible] harmony of [illegible] initial [illegible].

[illegible] suggestion was [illegible] new member might upset [illegible] delicate [illegible] especially [illegible] the next round [illegible] consultation and forecasting is [illegible] early [illegible] month.

However, the [illegible] might reflect that it [illegible] largely to blame for losing [illegible] place in what has [illegible] an unexpectedly influential group because it has [illegible] so long [illegible] find a [illegible]. Meanwhile, [illegible] Treasury, by failing to appoint a talented female [illegible] post, [illegible] missed [illegible] trick in its campaign to stop people referring [illegible] group as the "wise men".

MoD minefield

■ Sounds [illegible] Robinson, the 44-year-old chief executive [illegible] Bristol city council, [illegible] landed one of the best-paid jobs in British housing. The normally well-informed Housing Associations Weekly says [illegible] to [illegible] the non-profit-making body [illegible] up [illegible] the Ministry of Defence's housing stock.

As usual, [illegible] MoD remains tight-lipped, but Robinson [illegible]

'I only [illegible] pregnant [illegible] a council flat and then they sold it [illegible]'

[illegible] to have got the [illegible] plus job of looking after the 69,000 service homes. They are being transferred [illegible] a private housing trust which will [illegible] than twice as big as [illegible] largest housing association, [illegible] North British.

The [illegible] for the government [illegible] obvious. It [illegible] over £500m and no longer has [illegible] worry about the increasing burden of making the rundown properties fit for our troops to live in.

However, not all housing [illegible] are [illegible] the arrival [illegible] big player at [illegible] time when they are already competing for a much [illegible] pot [illegible] public money. And even [illegible] new [illegible] is refused official hand-outs, it will [illegible] seeking a lot [illegible] money from the City – thus crowding out [illegible] well-connected housing bodies. Another government initiative which [illegible]

Yesterday's samba

■ Itamar Franco, thrown unwillingly into the role of Brazil's president following [illegible] resignation two years [illegible] the disgraced [illegible] Collor, [illegible] same personal [illegible] often associated with John Major. But he could be forgiven for being irritated with the Uruguayan newspaper El País.

[illegible] he visited Montevideo last weekend, El [illegible] referred to him as [illegible] Sarney – [illegible] in 1989.

Low farce

■ The executive search profession [illegible] unimpressed by [illegible] first episode of the [illegible] drama [illegible] Sunday night; TV reviewers panned it too. The Daily [illegible] said it was as "thrilling as [illegible] tour round a processed [illegible] factory". Apart [illegible] appearances by Andrew [illegible] – [illegible] The Sunday Times – and jazz singer George Melly, all the characters were a little [illegible].

But the story line – what happens when [illegible] headhunter poaches [illegible] of hot-shot entertainment lawyers from [illegible] fuddy-duddy law firm – is [illegible] utterly daft.

After all, [illegible] Reynolds, one [illegible] flashier international headhunters, has just poached Roddy Gow, a former chief executive of Goddard Kay Rogers, a smaller and [illegible] conservative firm which [illegible] still recovering [illegible] untimely death in an air [illegible] of its founders David Kay.

Rather [illegible] of kitsch, not art, imitating life.

Hard cheese

■ Who says [illegible] Swiss have [illegible] sense of humour? Jean-Pascal Delamuraz, the Euro-fanatic Swiss economics minister proves the contrary, and now claims to have a sympathiser in heaven.

He [illegible] of the German, Italian and Swiss foreign ministers having brief audiences with God. The Italian [illegible] when his country will finally [illegible] rid of [illegible] mafia. "It will [illegible] in 10 years," says God. "Oh dear, I'll no longer [illegible] in office then," responds the minister. The German [illegible] when [illegible] will disappear. "In [illegible] years," intones the deity; the German minister [illegible] regrets he won't [illegible] in office then.

The Swiss then [illegible] when Switzerland will join the EU. "By then *I* will no longer be in office," [illegible] the reply.

FINANCIAL TIMES
Tuesday January 18 1994

Major distances himself from Iraq arms affair

By Jimmy Burns, Kevin Brown and Ivor [illegible] in London

Mr John Major yesterday followed his predecessor, Lady Thatcher, in publicly distancing himself from any responsibility in the arms-for-Iraq affair.

In a generally assured performance before the [illegible] inquiry which his officials hoped would help restore some of his political authority, Mr Major [illegible] that at no stage either as a cabinet minister nor [illegible] prime minister had he played any role in setting guidelines [illegible] exports to Iraq or in relaxing them.

[illegible] also denied any role in the decision by [illegible] ministers [illegible] attorney general, Sir Nicholas Lyell, to issue public immunity certificates withholding information in the trial of three businessman from [illegible] Midlands machine tool company, Matrix-Churchill.

Mr Major's appearance before the inquiry, which [illegible] agreed [illegible] in November 1992 under intense political pressure following the collapse of the Matrix-Churchill trial, [illegible] first time that a serving British prime minister [illegible] given public evidence [illegible] a judge in public.

But yesterday's low-key public hearing before a packed audience of journalists, members of the public, Whitehall officials, and some opposition MPs, contrasted with [illegible] drama [illegible] some previous [illegible] between Lord Justice Scott [illegible] witnesses.

Mr Major [illegible] that the first time he [illegible] an official document referring [illegible] "flexible" government guidelines [illegible] in July 1989 while he [illegible] foreign secretary, but said he did not consider this to amount [illegible] major change of policy.

"Neither [illegible] that stage, nor later, [illegible] I involved in [illegible] formulation of the guidelines, [illegible] sideration of the guidelines, amendment of [illegible] guidelines or interpretion of the guidelines."

Only [illegible] point did he [illegible] rattled when he [illegible] referred to a correspondence between [illegible] and Mr Douglas Hurd, [illegible] foreign secretary, in October [illegible] firming [illegible] junior [illegible] had secretly [illegible] the export of machine-tools which they knew could be arguably in breach of government guidelines.

Questioned on ministerial accountability, [illegible] Major agreed [illegible] ministers were responsible to parliament for [illegible] conduct of their departments and [illegible] accountable for [illegible] organisation of their departments. [illegible] identified Sir Robin Butler, cabinet [illegible] retary, as the [illegible] who should put right [illegible] failings in the dissemination of intelligence.

Mr Major seemed [illegible] draw strength from [illegible] inquiry's refer[illegible] showing him opposing [illegible] sale of Hawk jets to Iraq on financial and moral grounds, [illegible] well [illegible] making efforts [illegible] the [illegible] to ensure replies to parlia[illegible] during the Matrix-Churchill furore [illegible] accurate.

Christian Democrats call for tough curbs on foreign labour

By Quentin [illegible] in Bonn

The ruling Christian Democrats in Germany [illegible] calling for tough [illegible] to crack down on [illegible] employment of cheap foreign labour and a national initiative [illegible] promote part-time work and flexible hours, in a [illegible] counter rising unemployment.

The economic programme of Chancellor Helmut Kohl's Christian Democratic Union, approved at the weekend by the party's national executive, calls for companies employing illegal labour [illegible] blacklisted for public sector contracts. At the [illegible] time, [illegible] special measures to allow long-term unemployed in Ger[illegible] to be hired for low [illegible] – below [illegible] industry minima fixed by national wage contracts.

As for part-time working, the CDU is calling for a "national offensive" [illegible] increase the numbers, arguing that at least [illegible] jobs could [illegible] created.

The controversial document was drawn [illegible] by a working group chaired by Mr Klaus Töpfer, [illegible] environment minister, and it lays great stress on the need to promote new technologies, including environmental technology, [illegible] maintain German competitiveness internationally.

Shortly after the proposals were published, an inner circle of government ministers agreed [illegible] measures to prune a further DM5bn ($2.9bn) in spending this year, in an effort to keep the federal government's borrowing requirement below [illegible] The defence ministry will bear the brunt of the latest cuts, with DM1.2bn, followed by [illegible] transport and employment ministries. Further savings of DM2.5bn have yet [illegible] found.

The CDU [illegible] calls for continuing strict control over public spending, and in particular for state spending on social programmes to ease redundancies in the private sector [illegible] be converted from grants to loans.

It also proposes the creation of a National Technology Council to co-ordinate research, promote rapid industrial application of German inventions and intervene in a national debate which often appears hostile [illegible] innovation.

The [illegible] calls for joint [illegible] between the government and [illegible] banking sector to make more venture capital available, with attractive tax incentives, for high-risk projects. The proposed job creation [illegible] are likely to prove controversial in the election campaign, relying as they do on drastic deregulation of the labour market.

Germany's largest union, IG Metall, yesterday warned [illegible] might [illegible] this [illegible] leader [illegible] largest public services union, [illegible] OeTV, [illegible] talks [illegible] be very difficult, Reuter reports from Frankfurt.

The [illegible] unions, which will negotiate [illegible] for almost 7m workers, [illegible] under fire [illegible] employers [illegible] freezes are [illegible] problems [illegible] by Germany's [illegible] post-war recession.

Mr Walter Riester, deputy president of the IG Metall engineering union, [illegible] "It [illegible] possible that we will [illegible] without a strike."

IG Metall has claimed a 5.5 per [illegible] pay [illegible] for 1994, while public servants [illegible] 4 per cent.

Exports may speed German recovery, Page 2

German aerospace chiefs urge emergency subsidies

By Quentin Peel in Bonn

Germany's crisis-hit aerospace industry yesterday [illegible] on [illegible] government to draw [illegible] emergency subsidy programme to enable [illegible] sector to survive [illegible] compete with [illegible] Asian manufacturers.

At a meeting near Bonn, 300 industry leaders spelt [illegible] string of demands for government support [illegible] stem [illegible] current spate of job losses.

Mr Hartmut Mehdorn, the Deutsche Aerospace (Dasa) director responsible for aerospace, whose company has announced 16,000 redundancies from its 80,000-strong workforce, [illegible] if government [illegible] industry failed [illegible] agree a "new priority" for aerospace, Germany would [illegible] behind its competitors in the technology.

[illegible] set out a 10-point programme, including direct research subsidies of [illegible] to DM340m ($197.60m) a year for [illegible] technologies, including helicopter and aerospace equipment – but not engine research. [illegible] also called for direct grants of [illegible] year [illegible] develop a new extra-large air freighter [illegible] replace the Transall.

[illegible] urged the government [illegible] match the huge programme of indirect aerospace promotion conducted by the [illegible] government, through both Nasa, [illegible] space agency, [illegible] military procurement programme.

He said President Bill Clinton had given a new lease of life to the US industry, both through research promotion, [illegible] "by [illegible] being too proud to [illegible] as a carpet-trader on [illegible] of Boeing products throughout the world".

The plight of [illegible] German industry [illegible] aroused widespread sympathy within the German government [illegible] in [illegible] the German federal [illegible] where [illegible] industry is a big employer. They include [illegible] conservative [illegible] of Bavaria [illegible] Baden-Württemberg in the south, but also [illegible] Social Democrat-ruled [illegible] Bremen, Hamburg [illegible] Lower Saxony in northern Germany.

Mr [illegible] Göhner, [illegible] secretary responsible for [illegible] space, who convened the [illegible] ing, said [illegible] hoped [illegible] more indirect research support could [illegible] made available, in spite of [illegible] government's current drastic savings programme. He called on [illegible] industry to draw up a list of specific projects to be supported.

"We want to develop a new sys[illegible] for promoting aviation [illegible] the aerospace industry, [illegible] consequence of international conditions," he said. "We want to [illegible] away from direct subsidies, which can only be used to a limited extent, and switch to indirect promotion."

However, he [illegible] this might only be possible [illegible] budget, [illegible] 1994 spending [illegible] already over-committed.

THE LEX COLUMN

Tokyo takes stock

The last time international investors took a shine [illegible] Japanese equities – towards the end of [illegible] – the results were anything but pleasing, [illegible] the market continued [illegible] Two years on, foreign institutions [illegible] prepared to give Tokyo another shot. The 17 per cent rise [illegible] from the depths plumbed in November [illegible] been [illegible] by [illegible] buying. Taking profits in over-heated Asian [illegible] kets such as Hong Kong [illegible] Malaysia [illegible] reinvesting in Tokyo [illegible] strategy.

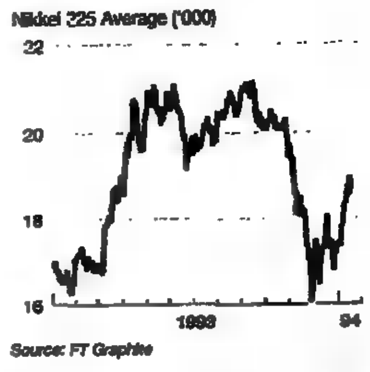
Measured against bond yields hovering around 3 per cent the Nikkei hardly [illegible] stretched. But investing in Japanese equities [illegible] act of [illegible] Even if [illegible] Morihiro Hosokawa's coalition [illegible] push political reform through parliament this week, [illegible] no guar[illegible] will [illegible] nomic package of stature. Three rounds of [illegible] stimulus have [illegible] kick-start the economy. A [illegible] imaginative approach, probably including personal [illegible] cuts, [illegible] required.

With Mr Hosokawa due [illegible] meet President Clinton in Washington next month, failure [illegible] deliver a stimulus would create friction [illegible] Japan's trade surplus. The gentle depreciation of the yen against [illegible] dollar, from Y101 last August [illegible] Y111 yesterday, has brought relief for Japanese exporters. The stock market [illegible] been [illegible] higher by the big [illegible] electronics companies, which points to selective buying of exporters. Unless Japan acts to stimulate domestic demand, though, the [illegible] may again [illegible] tempted to talk the yen up [illegible] way of tackling trade.

FT-SE [illegible] 3407.8 (+7.2)

Japan

Nikkei 225 Average ('000)



Source: FT Graphite

Reuters

Reuters [illegible] currently standing [illegible] confluence of several investment streams and is in danger of being swept away in the flood. The shares are washing up against [illegible] mark, [illegible] must make a share split a real possibility. The purchase of Quotron has provided the immediate [illegible] for the rise. But the buoyancy of the world's financial markets and the re-rating of media sectors on both sides of the Atlantic, thanks [illegible] multi-media induced intoxication, provide the underlying rationale.

[illegible] cancellation [illegible] for Reuters' trading screens [illegible] reduced [illegible] result of currency turmoil and surging markets. The growth of emerging economies [illegible] also [illegible] for new screens, helping to swell Reuters' terminal base, which [illegible] around [illegible] is [illegible] seeking to expand into [illegible] markets, through [illegible] provision [illegible] on-line information services to the advertising [illegible] media markets, although [illegible] projects [illegible] likely to yield substantial returns in [illegible] immediate future.

The step-up in [illegible] acquisitions [illegible] working capital demands of installing [illegible] make [illegible] unlikely that Reuters will repeat [illegible] repurchase scheme. The [illegible] credits which [illegible] that scheme have also been exhausted. Reuters' attractions therefore rely wholly on its earnings prospects, which investors have dangerously over-egged before. Still, [illegible] rating remains well below [illegible] peak.

Project finance

Reports that [illegible] government [illegible] be prepared to invest [illegible] £1.5bn of public funds in [illegible] Channel [illegible] link provide further confirmation [illegible] a [illegible] change [illegible] sweeping through Whitehall. Such numbers, though, [illegible] treated with scepticism, given that the [illegible] between the public [illegible] private sectors [illegible] an early stage. It would be bizarre if [illegible] government chose to publicise [illegible] precise level of its funding commitment in advance. That would only weaken the Treasury's negotiating hand. The suspicion must [illegible] headline number may include the costs the government has already sunk into Eurostar's [illegible] train [illegible] into upgrading existing rail lines. It is far from clear how much new [illegible] will be forthcoming.

However, considerable public [illegible] osity will [illegible] required [illegible] prime [illegible] pump and entice [illegible] private sector into participating in the project. The link may be a political imperative but [illegible] government will [illegible] in a competitive global marketplace for capital [illegible] skills. Perhaps [illegible] Alastair Morton's private finance working group, which meets again today, [illegible] help ginger [illegible] Whitehall thinking [illegible]

Albert Fisher

[illegible] could [illegible] at Albert Fisher. An ambitious [illegible] ment with a strategic plan buys a US company with a patchy earnings record [illegible] little [illegible] and a large deferred payment. [illegible] suffered second degree burns playing with that particular [illegible] of matches, [illegible] surprising that the new manage[illegible] is prepared to give it another whirl. Nor [illegible] it [illegible] to [illegible] acquisition [illegible] earnings enhancing, calculated [illegible] the initial payment only.

[illegible] not particularly stretched, so the full price could have been paid now. On [illegible] hand the [illegible] will have to refin[illegible] convertible shares this year, pushing gearing [illegible] cent. Presumably a rights [illegible] out at [illegible] rating, [illegible] perhaps Fisher simply [illegible] to stay flexible. [illegible] if it [illegible] from commodity apples to sliced salads it cannot [illegible] so on the never never. [illegible] proposition [illegible] commodity risk [illegible] taken out of the business [illegible] going up [illegible] was always questionable. If it is [illegible] be tried, at least the bet should be placed in advance.

Eastern Electricity

[illegible] Electricity's decision to buy up to [illegible] per cent of its shares is a small but significant admission of the regional companies' embarrassing riches. The [illegible] are heading rapidly [illegible] net cash, [illegible] a harsh review of their price [illegible] unlikely to stop cash generation completely. Funding utilities with equity [illegible] is expensive. [illegible] share buy backs help, a much more radical restructuring is needed to get the RECs back on [illegible] a sensible footing. Interestingly, the regulator cited [illegible] of capital as an issue [illegible] consider in his [illegible] price review. If [illegible] RECs do not produce plans to gear up, return excess funds to shareholders and cut bills to customers, the regulator [illegible] do it for them.

Earthquake

Continued from Page 1

[illegible] power cuts throughout California.

[illegible] Riordan, the city's mayor, declared a local emergency an hour after the earthquake, freeing local emergency services [illegible] respond without regard for costs. President Bill Clinton and California governor Pete Wilson also offered [illegible] gency support [illegible] the city.

US-China textile deal

Continued from [illegible] 1

$4.68bn in [illegible] Shipments of silk clothes – [illegible] fastest-growing Chi[illegible] garment exports [illegible] US – accounted for a further $2.5bn.

China's trade surplus with theUS reached [illegible] last year, prompting demands by US congressmen for steps [illegible] restrain Chinese imports.

China dominates textile exports [illegible] US, accounting for between 20 and [illegible] per cent of all clothing sold. US textile industry representatives say illegal Chinese imports have cost [illegible] jobs. US customs seized [illegible] of textiles illegally imported into the US since [illegible] during the previous agreement.

[illegible] Wu Yi, China's trade minister, expressed satisfaction with the agreement, appearing relieved that [illegible] demands were not more [illegible]

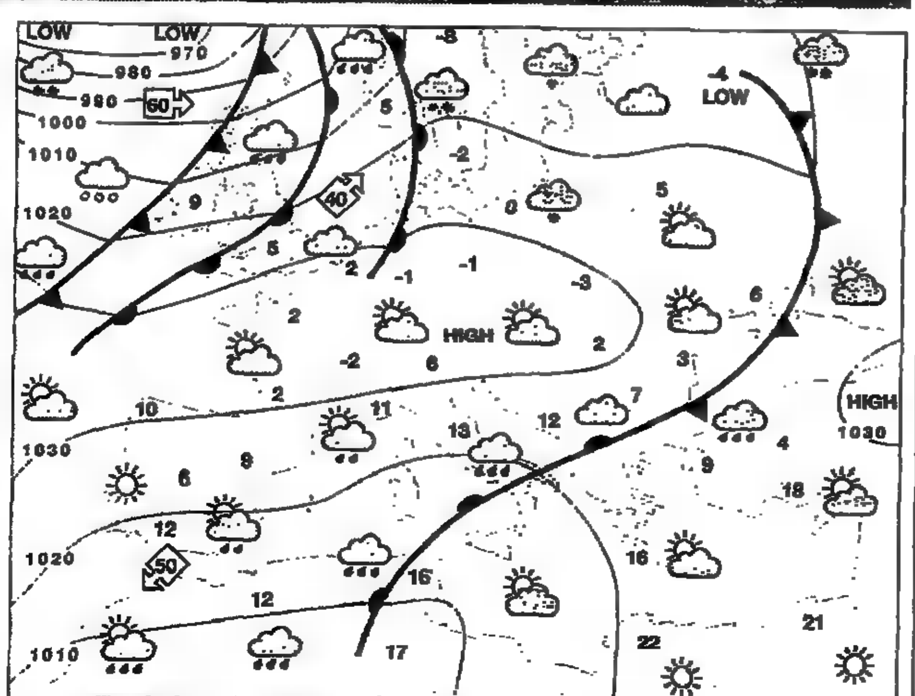
FT WEATHER GUIDE

Europe today

A complex low [illegible] Greenland and Iceland will draw milder air [illegible] the British [illegible] Scandinavia. [illegible] a result, most [illegible] UK [illegible] south-west Norway will [illegible] and rainy [illegible] winds reaching strong to gale force. High pressure over France, Germany [illegible] Alps [illegible] keep [illegible] continent dry but cold. The Benelux will have [illegible] cloud. Further south, [illegible] will [illegible] abundant sunshine, except for fog patches. Low [illegible] over northern Africa [illegible] CIS will [illegible] showers or rain along [illegible] Spain, Italy and northern Greece. Southern Greece will have plenty [illegible] sunshine with pleasant temperatures.

Five-day forecast

Low [illegible] Greenland will [illegible] conditions in Scandinavia and [illegible] UK with rain [illegible] strong [illegible] gale force winds. High [illegible] the continent will give dry, sunny and [illegible] conditions with light [illegible] moderate night frost. Low presure systems will [illegible] showers [illegible] the central [illegible] Mediterranean.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	27	Beijing	sun	0	Caracas	drzzl	27	Faro	fair	13	Majorca	shower	12	Reykjavik	sleet	3
Accra	fair	32	[illegible]	rain	8	Cardiff	rain	8	Frankfurt	fair	-3	Malta	fair	17	Rio	thund	28
Algiers	rain	12	Belgrade	fair	1	Chicago	snow	-20	Geneva	fog	-3	Manchester	cloudy	5	Riyadh	sun	22
[illegible]	[illegible]	3	Berlin	snow	-1	Cologne	hazy	1	Gibraltar	cloudy	13	Manila	cloudy	29	Rome	shower	13
Athens	rain	17	Bermuda	thund	19	D' Salaam	shower	31	Glasgow	rain	[illegible]	Melbourne	fair	26	S. Frsco	fair	17
[illegible]. Aires	fair	28	Bogota	drzzl	19	Dakar	[illegible]	29	Hamburg	cloudy	0	Mexico City	fair	21	Seoul	fair	-1
[illegible].ham	rain	5	Bombay	sun	[illegible]	[illegible]	[illegible]	[illegible]	Helsinki	cloudy	-4	Miami	shower	25	Singapore	cloudy	31
Bangkok	fair	34	Brussels	hazy	[illegible]	Delhi	[illegible]	22	Hong Kong	[illegible]	20	Milan	cloudy	4	Stockholm	snow	-6
Barcelona	fair	9	Budapest	fair	0	Dubai	sun	27	Honolulu	thund	28	[illegible]	[illegible]	-11	Strasbourg	hazy	-3
			C[illegible]	snow	1	Dublin	rain	9	Istanbul	rain	[illegible]	[illegible]	[illegible]	-4	Sydney	fair	30
			Cairo	fair	21	Dubrovnik	rain	12	Jersey	fog	8	Munich	hazy	-3	Tangier	cloudy	[illegible]
			Cape Town	fair	27	Edinburgh	rain	8	Karachi	fair	26	Nairobi	thund	29	Tel Aviv	fair	[illegible]
									Kuwait	fair	23	Naples	shower	14	Tokyo	sleet	4
									L. Angeles	sun	21	Nassau	thund	26	Toronto	cloudy	-14
									Las Palmas	[illegible]	[illegible]	New York	snow	0	Tunis	shower	16
									Lima	cloudy	27	[illegible]	shower	11	Vancouver	shower	9
									Lisbon	sun	[illegible]	[illegible]	[illegible]	17	[illegible]	shower	6
									London	[illegible]	[illegible]	[illegible]	snow	-4	Vienna	fair	0
									Lux.bourg	sun	-1	Paris	fair	1	Warsaw	snow	-3
									Lyon	fair	-2	Perth	sun	30	[illegible]hington	snow	-2
									Madeira	fair	15	Prague	fair	-2	Wellington	[illegible]	20
									Madrid	fair	6	Rangoon	[illegible]	[illegible]	Winnipeg	sun	-28

FINANCIAL TIMES

COMPANIES & MARKETS

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Tuesday January 18 1994

IN BRIEF

Metallgesellschaft rescue funds grow

Deutsche Bank and Dresdner Bank, the two [redacted] banks in Germany, have agreed to increase their contribution to the Metallgesellschaft [redacted] package by a total [redacted] DM300m ($177m). [redacted] 18

Reform in Austrian savings
The long-awaited reorganisation of Austria's savings banks [redacted] looks [redacted] to begin within weeks. [redacted] 18

A fight in Brazil
AT&T, the US telecommunications group, [redacted] attempting to fight [redacted] into [redacted] traditionally protectionist equipment supply [redacted]. It [redacted] meeting fierce opposition. [redacted] 19

China [redacted] $1bn
China is [redacted] for aggressive capital raising in [redacted] ern markets. [redacted] 22

French towns refinance
[redacted] France's post-war "new towns" plan [redacted] join [redacted] bonds [redacted] high-cost bank [redacted]. Page 19

Order books pick up [redacted] Carclo
Carclo Engineering Group announced [redacted] 41 per [redacted] increase [redacted] interim pre-tax profit. Mr John Ewart, chairman, [redacted] significantly fuller than [redacted], although margins remained under pressure in the UK group's core card clothing division. [redacted]

Beverley [redacted] of [redacted]

[redacted] in Beverley Group, the UK engineering [redacted] properties [redacted] a [redacted] by [redacted] company's executive directors. [redacted] (left), chairman, [redacted] Beverley Group was in a net cash position. It [redacted] seek [redacted] double its [redacted] through [redacted] acquisition, [redacted] be funded through [redacted] form of equity capital raising. Page 26

Albert Fisher makes US buy
Albert Fisher, [redacted] food processing and distribution group, is paying up [redacted] $35m for some [redacted] of Fresh Western Marketing, [redacted] Californian supplier of fresh produce. [redacted] 26

Peel moves ahead
[redacted] Holdings, [redacted] property [redacted] reported interim pre-tax profit of [redacted] £1.64m. Page 26

Future bonanza at Butte
Butte Mining, [redacted] UK-quoted [redacted] activity [redacted] prosecuting US [redacted] – it is seeking damages from former managers [redacted] promoters – [redacted] that, if it succeeds [redacted] its maximum claim for nearly $1bn, this would [redacted] worth [redacted] share. Yesterday [redacted] shares were 4½p. [redacted]

Chiroscience [redacted] £35m
Chiroscience, the [redacted] pharmaceuticals company, yesterday said it would [redacted] £35m ($51m) from its forthcoming flotation. [redacted]

Canny [redacted] the US
Edinburgh, [redacted] main [redacted] of fund [redacted] ment expertise after London, [redacted] chasing the US business hard. [redacted]

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Berliner Kraft	[redacted]	+	22
[redacted]	[redacted]	=	7.5
Klockner [redacted]	[redacted]	+	6.5
[redacted]	241	+	27
[redacted]	390	+	9.5
Varta	342.5	+	12.5

NEW YORK ($)

Rises			
Calmat	23¼	+	[redacted]
Kaster	9¼	+	1¼
Trans Tech	12¼	+	1
Falls			
Electrocom	7¼	–	2¼
Haemonetics	[redacted]	–	[redacted]
IBM	57¼	–	1

PARIS (FFr)

Rises			
[redacted]	462	+	10
Falls			
Air Liquide	849	–	19
CGIP	1221	–	[redacted]
Eridania B-S Ci	805	–	[redacted]
[redacted]-Hachette	150	–	10.1

TOKYO (Yen)

Rises			
[redacted]	[redacted]	+	17
[redacted]			
Japan Wool	984	–	38
Mercian Corp	661	–	34
Mitsui Soko	[redacted]	–	42
[redacted]	[redacted]	–	18
Noritake	739	–	34

[redacted]

LONDON (Pence)

Rises			
Adam & Harvey	363	+	35
BWD Sec	[redacted]	+	[redacted]
Banner Homes	[redacted]	+	12
Browne & Tawse	[redacted]	+	8
Budgens	41	+	4
Clarke (T)	62	+	10
Clayton Son	145	+	42
Cook (DC)	41	+	6
[redacted]	[redacted]	+	14
[redacted]	[redacted]	+	[redacted]
[redacted]	[redacted]	+	[redacted]
Osborne Little	289	+	[redacted]
[redacted]	[redacted]	+	[redacted]
Real Time Cntrl	93	+	[redacted]
[redacted]	53	+	[redacted]
[redacted]	[redacted]	+	[redacted]
Thorntons	193	+	11
Triton Europe	33	+	13
Falls			
Bridport-Gundry	77	–	4
Colorvision	98	–	17
Dalepak Foods	138	–	8
[redacted]	167	–	11
Sunrise Energy	145	–	[redacted]
[redacted]	86	–	11

Swiss insurer expands base in Germany

By Ian Rodger in Winterthur

[redacted] control of DBV Versicherung from Commerzbank, [redacted] largest primary [redacted] in Germany by premium income.

Winterthur, [redacted] seeking [redacted] build up [redacted] in Germany, will [redacted] Commerzbank [redacted] of [redacted] for [redacted] 75 per cent interest in the holding [redacted] which [redacted] DBV. [redacted] its own [redacted] holding.

[redacted] Peter Spälti, Winterthur chairman, said [redacted] minority [redacted] of DBV, [redacted] there [redacted] be [redacted] change in [redacted] ownership of [redacted] Frankfurt-quoted group.

Commerzbank will retain [redacted] minority [redacted] enlarged holding. Both [redacted] exploit [redacted] other's sales net[redacted] banking and [redacted] products.

Mr Spälti [redacted] the takeover [redacted] Winterthur, [redacted] Swiss market leader, into a truly European group. [redacted] already [redacted] substantial [redacted] in the UK through its Churchill motor insurance subsidiary, [redacted] Provident Life, but earns less than a 10th [redacted] premium income in Germany.

[redacted] combined [redacted] premium income [redacted] and [redacted] German operations [redacted] DM4.9bn ($2.8bn). Nearly [redacted] per cent of DBV's DM3.4bn premium income came from life insurance; [redacted] ance; and the rest from non-life. Winterthur's subsidiaries in Germany [redacted] DM1.5bn in premi[redacted] of it [redacted] life business.

Mr Manfred Broska, chief executive of DBV, [redacted] the enlarged [redacted] insurance market was going through a [redacted] period, because of recession [redacted] liberalisation. But he was confident that DBV, with its connections [redacted] Commerzbank [redacted] Winterthur, [redacted] placed to succeed.

[redacted] to achieve [redacted] satisfactory result for 1993 and that there was [redacted] for another [redacted] increase. [redacted] 1992, it had [redacted] of [redacted] paid [redacted] dividend of DM8 per share.

Mr Spälti said Commerzbank [redacted] acquire a [redacted] than 5 per [redacted] stake in Winterthur as a result of the takeover. Mr Martin Kohlhaussen, Commerzbank chairman, would join the Winterthur board.

Top man at US insurance broker to be replaced

By Richard Waters in New York

Non-executive directors of Alexander [redacted] Alexander have [redacted] to replace [redacted] insurance broker's long-time chairman and chief executive, Mr Tinsley Irvin, after [redacted] succession of mishaps [redacted] disappointing [redacted]

[redacted] Irvin has stepped down immediately [redacted] chairman [redacted] will cease to be [redacted] executive [redacted] a replacement [redacted] outside [redacted] been [redacted] follows [redacted] special board meeting [redacted] on Friday, which had been called to consider [redacted] management [redacted] the group.

Mr Irvin yesterday said he and the board [redacted] agreed that "significant changes in leadership" [redacted] "to [redacted] the [redacted] of change and [redacted] improvements in operations and earnings".

"Some of the [redacted] ways we do [redacted] change," he [redacted]

Two months ago [redacted] Alexander, [redacted] world's second largest insurance broker [redacted] Marsh [redacted] [redacted]nnan, was forced [redacted] earnings back [redacted] 1991 when it [redacted] that [redacted] ander Consulting Group [redacted] had been overstating its revenues. Earlier last year, the group had to take [redacted] special $157.5m charge to cover indemnity costs related mainly to a business it had sold some years previously.

Mr Robert Boni, a former chair[redacted] of steel company [redacted] over as [redacted] and will head a committee of non-executive directors charged with finding a new chief executive.

Efforts would be made to boost the company's revenues, cut its costs and "improve organisation controls", Mr Boni said. He paid tribute to the "significant accomplishments" of Mr Irvin, adding that he had brought the company through a turbulent period.

[redacted] Irvin became chief [redacted] tive in 1987, as the US broker was recovering from [redacted] massive fraud losses [redacted] suffered in Alexander Howden, [redacted] Lloyd's insur[redacted] acquired in 1982. He became chairman a year later. The company said it would in future [redacted] two [redacted]

Alexander [redacted] Alexander [redacted] from flagging profits [redacted] large [redacted] insurance broking operations, as [redacted] a disappointing record [redacted] international acquisitions. [redacted] include [redacted] Howden and, in [redacted] Stenhouse.

[redacted] Irvin, [redacted] had [redacted] with the [redacted] since 1953, [redacted] remain a director.

Nokia and HP in telecoms alliance

By Andrew Adonis in London

Nokia, the [redacted] telecommunications manufacturer, [redacted] joined forces [redacted] ard, the US electronics group, to develop the next generation of [redacted] infrastructure.

They [redacted] a strategic [redacted] develop "intelligent network" systems. [redacted] underlines [redacted] convergence of computing [redacted]. Intelligent networks use [redacted] electronics to provide new services such as freephone, personal numbering [redacted] call forwarding.

The alliance pools Nokia's telecoms expertise [redacted] Hewlett-Packard's computing platforms. The value of [redacted] deal [redacted] closed, but "several hundred" employees will [redacted] involved.

Nokia, [redacted] world's [redacted] larg[redacted] manufacturer of infrastruc[redacted] for [redacted] to broaden its telecoms business, which last year accounted for nearly [redacted] turnover. It will [redacted] responsibility [redacted] marketing and [redacted], which the companies expect to start this year.

For [redacted] ture [redacted] one [redacted] several [redacted] moves into mainstream telecoms. A year ago it launched a venture with [redacted], the [redacted] manufacturer, to provide [redacted] management systems. It also [redacted] with [redacted] Telecom, [redacted] equip[redacted] manufacturer.

Ovum, [redacted] London-based consultants, [redacted] annual expenditure [redacted] intelligent net[redacted] systems could [redacted] $5bn in Europe by [redacted]. By then, [redacted] services [redacted] expected to [redacted] per [redacted] call-charge [redacted] about [redacted] per [redacted] today. In the US, the proportion [redacted] likely [redacted] higher.

Mr [redacted] Alahuhta, [redacted] of [redacted] Telecommunications, [redacted] "It was an obvious step [redacted] to [redacted] long-term agreement [redacted] Hewlett-Packard, a [redacted] in open-systems computing which [redacted] a [redacted] commitment to [redacted] industry."

[redacted] development will [redacted] carried [redacted] Nokia's [redacted] at Espoo, Finland, [redacted] European [redacted] Grenoble, France.

[redacted] Jeremy Ledger, [redacted] UK analyst [redacted] consultancy Dataquest, [redacted] was "a [redacted] in [redacted] convergence [redacted] different IT [redacted] in [redacted] field [redacted] opportunities [redacted] strong [redacted] growing".

[redacted] range, [redacted] 19

UK business information group's aggressive return to the acquisition trail has cheered analysts, reports **Andrew Bolger**

Reuters' news flurry dispels mature image

R[redacted] Holdings may have bought [redacted] loss-making [redacted] Citicorp, the [redacted] bank, yet [redacted] has [redacted] nothing [redacted] the [redacted] group's share price. Since [redacted] announced last Thursday, [redacted] shares have gained 95p, closing yesterday at a new high of 1920p.

The purchase of the data service business fulfils a long-held aim of Reuters – expansion in US equity markets – and confirms that the UK-based company is not just sitting back on its position in the global [redacted] markets, where it [redacted] long dominated foreign exchange trading.

Quotron is the latest in [redacted] flurry of acquisitions since July, when Reuters spent half its cash mountain on a £350m ($522m) share repurchase scheme.

Analysts who were concerned last year [redacted] facing [redacted] markets [redacted] by [redacted] group's aggressive [redacted] the acquisition trail. They say the group's record and prospects also compare well with other media companies in a sector which [redacted] uprated recently.

[redacted] Reuters acquisitions – such [redacted] last month's $121.5m cash purchase of Teknekron [redacted] ware Systems, a Californian software supplier and systems integrator – are obvious additions to the core business. Other smaller deals represent a "testing of the water" in emerging areas such as multimedia products.

Mr Rob Rowley, Reuters' [redacted] director, heads a [redacted] team which for [redacted] past 18 months has been looking at new business [redacted]tunities. The brief from Mr [redacted] Job, Reuters' chief executive, [redacted] a rigorous appraisal of which of the group's skills had the most value. Mr Rowley says: "We used to be heavily involved in engineering, designing our own hardware. Increasingly, we buy off the shelf because we can buy things in more cheaply than making them ourselves. We don't want to be in the low-added-value end of the business."

An example of Reuters' more speculative approach is last month's decision to take a $3m minority stake AdValue Media technologies, a private New York company which markets interactive transaction services [redacted] advertising agencies, sales repre[redacted] media outlets. [redacted] was the [redacted] struck [redacted] of Reuters [redacted]dia, a US-based subsidiary operat[redacted] in emerging [redacted] multimedia products. [redacted] Rowley says of AdValue: "It is involved in real-time changes in bookings and transactions, an environment we were familiar with."

Reuters has identified television as a potential contributor to its core financial business and as a route into new business areas. [redacted] television [redacted] in [redacted] by taking full [redacted] of Visnews, the international TV [redacted]. Last [redacted] announced it would [redacted] financial TV service for the foreign exchange market around the middle of this year. Traders will have important news events delivered digitally to their trading screens.

However – just [redacted] in [redacted] financial business – [redacted] would [redacted] not [redacted] over-commit[redacted] particular [redacted]. Mr Rowley [redacted] "It [redacted] easy to spend £200m on a cable TV company – but on a 10-year view, cable will become a utility. [redacted] try to avoid looking into the technological void [redacted] concentrate on [redacted] good products."

He [redacted] that growing familiarity with personal computers has [redacted] them [redacted] important than television. "If people become PC-expert at work, they are more likely to use them at [redacted]. [redacted] aim to exploit these high-value opportunities."

This [redacted] in what products will appeal [redacted] professional customers helps explain Reuters' recent £13.3m acquisition [redacted] VAMP Health, [redacted] private UK company which provides computer [redacted] about [redacted] general practitioners. Mr Rowley [redacted] "Computers in UK doctors' surgeries [redacted] a [redacted] limited market, but we'll [redacted] industry [redacted] large sums [redacted] in it."

When Reuters [redacted] share repurchase [redacted] year, Mr [redacted] said: "We have [redacted] from [redacted] they [redacted] us [redacted] continue to [redacted] in [redacted] business but they [redacted] invest just for [redacted] of investing."

[redacted] most of [redacted] group's larger acquisitions in the 1980s were relatively successful – such as Instinet, the computerised share trading system, and Rich, the designer of communication systems for trading rooms. But Mr Rowley concedes "we picked up a few scars along the way. We need to be careful of personality." He added: "In the 1980s there was a Reuters culture that we had to own or have effective control – we're much more open-minded now."

Mr Rowley [redacted] capital expenditure was up [redacted] year [redacted] will grow further, involving [redacted] acquisitions and organic growth. "We [redacted] lots of ideas, [redacted] necessarily [redacted]. Our existing [redacted] are [redacted] very exciting. One [redacted] people [redacted] ahead [redacted] by constantly innovating."

[redacted] would certainly [redacted] Globex, its electronic futures trading system, if and when [redacted] wrangling between the participating international [redacted] is [redacted] out. [redacted] group has [redacted] been promising [redacted] respond to the [redacted] lenge from the products of Bloomberg, the US group which [redacted] well in the [redacted]

However, Mr Rowley [redacted] no fears [redacted] survival in [redacted] which [redacted] be [redacted] by [redacted] giants. [redacted] of Reuters [redacted] a [redacted] get for takeover by [redacted] were quickly denied by [redacted] Anglo-Dutch publishing group.

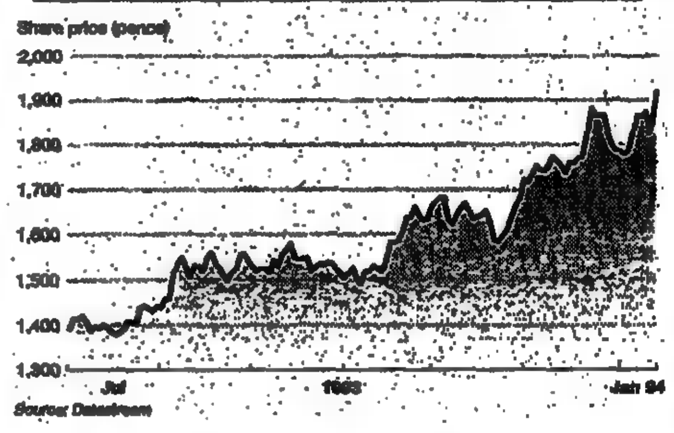
Mr Rowley merely points [redacted] Reuters' independence is guaranteed by [redacted] single "founder's share", [redacted] when [redacted] floated in 1984. A link-up with [redacted] newspaper [redacted] magazine publishers such as Reed-Elsevier would take [redacted] to [redacted] mass [redacted] – [redacted] the differentiated, high-value areas which the group [redacted] determined to keep in focus. [redacted] no feel of being [redacted] – we're [redacted] to working in an open environment."

Lex, Page 16

REUTERS

NEWS FLASHES

Jan 13: Announces purchase of Quotron from Citicorp
Jan 12: Announces launch of financial TV service for foreign exchange markets
Dec 17: Pays $121.5m for Teknekron Software Systems of California
Dec 6: Buys minority stake in AdValue Technologies, private New York company selling interactive transaction services to advertising agencies
Dec 3: Takes 20 per cent stake in Safetynet, UK company providing emergency back-up services for computers
Nov 11: Pays £13.3m for VAMP Health, private company supplying computer facilities [redacted] about 2,000 UK doctors
Aug 13: Buys 90 per cent of Future Pager, UK provider of pocket information
Jul [redacted]: Says pre-tax profits increased by 14.6 per cent to £214.7m in the six months to June 30
Jul [redacted]: Announces £350m share repurchase scheme



Blockbuster buys stake in Virgin games unit

By Michael Skapinker, Leisure Industries Correspondent

Blockbuster Entertainment, [redacted] largest video [redacted] bought [redacted] of Virgin Interactive Entertainment, part of Mr [redacted] Virgin Group.

[redacted] Virgin subsidiary develops [redacted] software [redacted] systems, as well as for other manufacturers.

Blockbuster will pay for the VIE stake with shares of an approximate market value of $30m. It has also received options to buy additional shares.

VIE, which has sold more than 13m copies of its products since mid-1990, last year sold a 18.2 per cent stake to Hasbro, the US toy company. It is thought that the Virgin subsidiary will eventually be floated as a separate company in the US.

Virgin, which refused to comment on the eventual flotation, said the Blockbuster deal would [redacted] its [redacted] in [redacted] entertainment. [redacted] earlier this month announced [redacted] $8.4bn merger with Viacom, the US cable television company which is bidding for Paramount Communications.

Virgin said the link with Blockbuster and Viacom would mean that it could deliver games and music videos directly to people's homes. "This is a building block [redacted] world of [redacted] future. With Blockbuster [redacted] Viacom [redacted] to [redacted] company, we could squirt [redacted] or Phil [redacted] greatest [redacted] the line."

Virgin already [redacted] a joint [redacted] ture [redacted] Blockbuster [redacted] build [redacted] megastores, which also [redacted] games, [redacted] Europe, [redacted] and [redacted]

German banks to increase Metallgesellschaft funding

By David Waller in Frankfurt

Deutsche [illegible] and Dresdner Bank, the two biggest banks in Germany, have agreed [illegible] *increase their contribution* [illegible] the Metallgesellschaft rescue package by a total of DM300m ($177m), it emerged yesterday.

It is understood that foreign banks will be given the chance to scale down their contribution to the rights issue element of the package [illegible] only [illegible] fraction of [illegible] original proposal, a [illegible] which served to placate foreign bankers' objections to acquiring new shares in the Frankfurt-based mining, met*als and industrial conglomerate.*

Metallgesellschaft granted these concessions on Saturday during talks which ended by *securing the DM3.4bn* [illegible] package.

The bail-out averted the threat of bankruptcy which hung over the group last week, *serving to trigger a sharp rise* in MG's share price yesterday. The shares [illegible] 12.5 per cent [illegible] close DM27 up [illegible] DM241.

The deal has three elements:

- A DM1.4bn rights issue. MG's core shareholders – a group which include Deutsche and Dresdner, [illegible] Emirate of *Kuwait, Daimler-Benz and* [illegible] Allianz insurance group – will contribute 62 per [illegible] these funds.

It was originally proposed that creditor banks subscribe [illegible] the remaining 38 per cent in proportion to their credit exposure.

This caused grave problems for foreign banks and it is understood that the German banking community has undertaken to take up 85 per cent of the balance. Bankers [illegible] yesterday that this left foreign banks' contribution at 10 per cent of the level first proposed.

- DM700m of fresh credit. *Deutsche and Dresdner* [illegible] understood to have agreed [illegible] contribute DM100m each to this, thus reversing their original position [illegible] they should [illegible] *be required to contribute* any further funds after providing DM1.5bn in emergency credits last month.
- Bankers will convert DM1.3bn of bank debt into junior convertible stock. Following Saturday's negotiations, Deutsche and Dresdner *have each contributed an extra* DM50m to this element of the package, leading to an 8 per cent improvement in the terms for other banks.

These securities will [illegible] convertible into MG ordinary shares at a price of [illegible] of [illegible]

Bankers expressed relief yesterday that the refinancing had been successful. They said [illegible] package [illegible] the need [illegible] make provisions against their loans to MG, whereas they would have had to write [illegible] up to half their loans if the group [illegible] been declared insolvent.

[illegible] *said yesterday that Mr* Kajo Neukirchen, chief [illegible] tive, would outline his strategy for [illegible] future of the group in February.

Shareholders [illegible] vote on the refinancing proposals at [illegible] special meeting convened for February 24.

IMI bullish on foreign demand for share issue

By Haig Simonian in Milan

Istituto Mobiliare Italiano, the Italian treasury-controlled financial [illegible] which [illegible] due [illegible] privatised this month, believes foreign institutions would like [illegible] buy [illegible] three [illegible] the amount of shares allocated [illegible] them.

Soundings by SG Warburg, the UK merchant bank, and IMI, which [illegible] together co-ordinating the privatisation, have so [illegible] indicated foreign institutions want to buy [illegible] 300m shares.

The offer, [illegible] raise up [illegible] L2,200bn ($1.29bn), involves selling 200m [illegible] – a third of IMI's capital. About half *will* [illegible] *abroad,* [illegible] *to* Italian private investors and the balance to Italian institutions. Pricing will be [illegible] January [illegible] *will start* [illegible] *days later.*

The bullish oversubscription forecast, made by [illegible] senior official, [illegible] first day of roadshows to illustrate the [illegible] to international investors.

Mr Mario Draghi, [illegible] director general of [illegible] treasury, [illegible] directly or indirectly holds about 90 per cent [illegible] shares being sold, [illegible] the state would dispose [illegible] its [illegible] within [illegible] number [illegible] years. Following the privatisation, [illegible] will hold [illegible] 30 per cent of IMI against just [illegible] per cent [illegible] present.

Mr Draghi warned that [illegible] bigger [illegible] tranche would risk *swamping* [illegible] *market ahead of* other privatisations, beginning with [illegible] Commerciale Italiana on February [illegible]

However, some analysts believe the caution stems partly from [illegible] stop Cariplo, the Milan-based savings bank, gaining control of IMI [illegible] cheaply. Cariplo already [illegible] 8 per cent of IMI and has [illegible] it will raise [illegible] to [illegible] 10 per cent limit.

However, that limit is only valid until October [illegible] after which it could [illegible] abolished provided enough big share[illegible]. In [illegible] case, Cariplo, which tried [illegible]*cessfully to buy IMI directly* from [illegible] treasury [illegible] year, might attempt [illegible] further.

Bank Austria tries to force the pace

Patrick Blum looks at attempts to reform [illegible] savings banking sector

The long-awaited reorganisation of Austria's savings banks sector looks set to begin within weeks following growing [illegible] action from two of the country's leading financial institutions.

Conflicting interests and fear of change had stalled attempts at reform for the sector, which almost everyone in Austria agrees needs restructuring [illegible] reflect developments in the past two decades. During this time the number of savings institutions has declined by half while the number of branches quadrupled.

Mergers have altered the balance of forces within [illegible] tor, which is dominated by [illegible] city of Vienna's Zentralspar[illegible] savings bank (now part of Bank Austria since it *merged with the Länderbank* in 1991), the Erste Osterreichische Spar-Casse, the second largest savings bank, and the five biggest provincial savings *banks, with* [illegible] *smaller* [illegible] fighting [illegible] preserve their independence.

After years of fruitless discussions and broken deadlines for agreement, *Bank Austria*, the country's largest [illegible] cial and savings bank, [illegible] the Erste warned this month that either the savings banks agree [illegible] Erste's proposals for restructuring the sector, [illegible] they will impose their own solution through a reorganisation of GiroCredit, [illegible] savings banks' clearing institution, in which they jointly hold more than 52 per cent.

Mr Rene Alfons Haiden, Bank Austria chairman and chief executive, [illegible] a [illegible] must be made by [illegible] end of February [illegible] latest. The alternatives [illegible]

- Bank Austria sells about [illegible] thirds of [illegible] 31 per [illegible] stake in GiroCredit [illegible] a [illegible] tium comprising the Erste, Austria Collegialität Versicherung (a leading insurance company) and the savings banks.
- Erste, which already [illegible] about 21 per cent of GiroCredit, would buy an extra [illegible] per cent, making it the largest single shareholder. These shares plus all [illegible] shares in GiroCredit held by the savings banks would [illegible] transferred to a new *holding company* which would [illegible] GiroCredit. The holding company would gradually build up [illegible] in its participating [illegible]

Failing agreement, [illegible] *Haiden* [illegible] the alternative [illegible] for Bank Austria and Erste together to [illegible] jointly [illegible] majority shareholders in Giro*Credit, forcing changes on* [illegible] supervisory and management boards, [illegible] a reassessment of [illegible] tasks [illegible] priorities. "We have [illegible] thoughts about [illegible] possible future strategy for GiroCredit," said Mr Haiden.

The proposals hang [illegible] fall [illegible] a reorganisation [illegible] shareholding structure [illegible] GiroCredit, which is owned by the savings [illegible] *and* [illegible] *established* in [illegible] manage the funds [illegible] affiliates and [illegible] as a clearing institution for [illegible] sector.

The problem is that GiroCredit has out-grown its original responsibilities by developing banking activities that [illegible]*ingly compete with* [illegible] *of* other banks, including some [illegible] shareholders. "GiroCredit has built itself up [illegible] a commercial and investment [illegible] and it [illegible] a fierce competitor [against] [illegible] bank or the Erste. It doesn't [illegible]" Mr Haiden said.

The reorganisation would help [illegible] refocus GiroCredit's banking activities, lead [illegible] siderable [illegible] savings [illegible] the [illegible] through synergies, [illegible] protect savings [illegible] against foreign [illegible] domestic predators.

"It would be an important step [illegible] keep [illegible] savings bank [illegible] *intact,* [illegible] *avoid* [illegible] being sold [illegible] banks outside [illegible] savings banks sector," [illegible] Mr Reinhard Ortner, executive [illegible] member [illegible] Erste.

In [illegible] *past,* [illegible] *large number* of [illegible] and medium-sized savings institutions [illegible] stakes in GiroCredit, which [illegible] able to dominate them, but [illegible] result [illegible] consolidation, [illegible] larg[illegible] savings banks [illegible] account for about [illegible] per [illegible] of [illegible] business turnover for the savings banks.

The large [illegible] no need for an institution like GiroCredit but the [illegible] banks need it more than in the past. "GiroCredit should improve and deepen its relations with these savings banks," Mr Haiden said.

Mr Hans Haumer, GiroCredit chairman, hopes the holding company will be approved. "It will [illegible] three years of uncertainty, [illegible] give a significant impulse [illegible] our activities. In the medium term *it will create* synergies in close co-operation with [illegible] and there will [illegible] significant gains in efficiency for the whole sector."

Failure would be a set[illegible] GiroCredit, but he [illegible] solution will [illegible] found. "*A foreign bank* could be a possibility [as a partner]," he says.

The small savings banks have been lukewarm about the proposals, fearing they will lose more control over GiroCre[illegible] and [illegible] dominated by Erste. Only [illegible] handful bothered [illegible] letter outlining [illegible] *proposals.*

"The [illegible] influence of [illegible] savings banks in GiroCredit [illegible] not that strong [illegible] A holding company will give them [illegible] much influ[illegible] they have now," Mr Ortner said. But [illegible] insisted "the ball is in [illegible] court".

Lucas to pay reparations to US forces

By [illegible] White, Defence Correspondent

Lucas Industries, the British-based motor and [illegible] space components group, [illegible] *expects to pay reparations* for supplying allegedly faulty equipment to the US forces.

The company said a settlement [illegible] likely to avoid court *proceedings* [illegible] *claims that a* US subsidiary, Lucas AUL, supplied defective missile launching components and military radios that failed to meet specifications.

US prosecutors [illegible] expected to [illegible] criminal charges in the missile [illegible], which US federal authorities have [illegible] investigating since [illegible]

However, Lucas [illegible] the [illegible] authorities had made clear there was no link between this *case and investigations* into "friendly fire" deaths during the Gulf conflict three years ago.

Renault Agriculture in tie-up with US producers

By [illegible] Ridding in [illegible]

Renault Agriculture, [illegible] farm machinery division of the French state-owned motor vehicle group, yesterday announced a series of agree*ments aimed* [illegible] *strengthening* its position in the depressed farm equipment market.

The French group has agreed with John Deere of the US to *exchange tractors and diesel* engines in the French market. It has also concluded an accord with Massey Ferguson, the farm equipment group owned by Varity of the US, [illegible] establish a joint design, development and manufacturing subsidiary and a joint purchasing operation.

Under the terms of the [illegible] ment with John Deere, the world's largest manufacturer of farm equipment, Renault *Agriculture* [illegible] *receive diesel* engines from the [illegible] company's factory [illegible] Saran, south of Paris. In return, Renault will supply tractors equipped with John Deere engines to the [illegible] group. These will be [illegible] under the John Deere marque.

Renault declined to disclose the volumes concerned, but [illegible] agreement with John *Deere would satisfy* [illegible] *large* proportion of its demand for engines. It said the deal would allow the two companies [illegible] operate [illegible] their French factories [illegible] "a high level of activity".

The agreement with Massey Ferguson involves the creation of a joint subsidiary for development and manufacture in the areas of mechanical engineering, hydraulics and electronics. The subsidiary, to be jointly owned and managed by each of the partners, will be based [illegible] Beauvais, north of Paris. It will [illegible] on the development [illegible] manufac[illegible] *of transmissions.*

The [illegible] companies will [illegible] common purchasing body.

MOVE EXPECTED TO SET A TREND IN THE ELECTRICITY SECTOR

Eastern first to buy back shares

By [illegible] Smith in London

Eastern Electricity yesterday became the first regional electricity company to buy back [illegible] of its shares since the industry's privatisation three years ago.

It spent about £7.7m buying 1.2m shares – 0.4 per cent of the equity. It said [illegible] intended to buy back up to 5 per cent.

The [illegible] announced after the close of trading yesterday, is expected to [illegible] trend in the sector, although some companies will await the [illegible] of [illegible] *regulatory review of power* distribution before following Eastern's lead. Analysts said [illegible] move [illegible] likely to have a positive [illegible] on shares in the 12 regional power distributors.

An increasing number of companies [illegible] seeking shareholders' permission to buy [illegible] shares, although few have carried [illegible] out. Those with strong cash inflows and [illegible] cash, but limited growth opportunities, [illegible] among those [illegible] likely to do so.

Eastern won approval to buy [illegible] up [illegible] at [illegible] annual meeting [illegible] August. It [illegible] about £90m cash, which [illegible] the current price of 644p is slightly more than what would [illegible] *needed* [illegible] *buy back all* 13.5m.

Mr Eric Anstee, finance director, [illegible] the buy-back would have a "mildly positive" [illegible] earnings per share.

Putting the cash on deposit [illegible] a [illegible] of 5 per cent, although tax reduced [illegible] 3 [illegible] cent. The yield on the shares [illegible] close [illegible] cent. The company also [illegible] give [illegible] signal [illegible] shareholders that [illegible] shares represented good value, he said.

Many shareholders in the regional companies are thought [illegible] be considering [illegible] receiving one [illegible] every [illegible] they hold [illegible] *reward them for loyalty* [illegible] flotation. Bonus [illegible] are being [illegible] this [illegible]

Mr Nick Pink, analyst at [illegible] Warburg Securities, said he expected other regional companies [illegible] Eastern's lead. "The stock market is very wary [illegible] them using surplus cash [illegible] diversify. It makes [illegible] sense for them to buy [illegible] shares."

[illegible] one of only two [illegible] the regional electricity companies which have shareholder authority to buy back shares, [illegible] other being Swalec, serving [illegible]

Others are expected to seek approval shortly. Virtually all [illegible] they will [illegible] *restructuring* [illegible] balance sheets [illegible] the [illegible] financial year.

Lex, Page 16

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.10	18.17	18.17
0100	23.60	20.83	22.48
0130	23.60	22.04	23.68
0200	23.60	22.04	23.68
0230	23.60	22.04	23.68
0300	23.60	22.04	23.68
0330	23.60	22.04	23.68
0400	23.60	18.07	18.07
0430	23.60	18.04	18.04
0500	18.11	18.03	18.03
0530	22.91	20.75	22.40
0600	23.19	20.40	22.05
0630	23.19	18.17	18.17
0700	23.19	23.23	24.87
0730	23.20	23.06	24.71
0800	24.12	23.23	24.87
0830	23.36	23.29	24.93
0900	24.12	26.22	26.87
0930	24.12	34.08	35.72
1000	24.12	34.08	35.72
1030	24.12	34.08	35.72
1100	24.12	34.08	35.72
1130	24.12	26.49	28.14
1200	24.13	25.22	26.97
1230	24.13	25.22	26.87
1300	24.12	25.22	26.87
1330	24.11	25.22	26.87
1400	24.11	24.00	25.65
1430	23.32	24.00	25.65
1500	24.11	24.00	25.65
1530	24.14	24.00	25.65
1600	30.87	24.06	25.72
1630	39.94	27.89	29.99
1700	53.68	41.04	43.40
1730	59.38	41.62	44.03
1800	53.58	40.72	42.89
1830	35.21	30.45	32.31
1900	30.40	26.97	28.67
1930	28.34	26.37	28.03
2000	25.66	26.73	28.98
2030	23.33	24.66	26.31
2100	23.30	33.32	34.97
2130	23.19	23.29	24.93
2200	23.18	23.29	24.93
2230	23.19	23.29	24.93
2300	23.19	23.29	24.93
2330	18.10	18.07	18.07
2400	18.09	18.05	18.06

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-458789 between 8.30am and 5.15pm Monday to Friday.

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Hewlett-Packard to launch new desk-top range

By Louise Kehoe in San Francisco

Hewlett-Packard, which [illegible] year overtook Digital Equipment to [illegible] the second-largest US computer [illegible] behind IBM, will today launch two product lines [illegible] expand in the corporate computing market.

HP will announce [illegible] enterprise desktop computer [illegible] bining the high performance of a scientific [illegible] with [illegible] lower [illegible] and software standards [illegible] personal computers. The [illegible] will introduce a line [illegible] network servers, priced to compete with PC [illegible] but offering performance that competes with mini-computers.

[illegible] new computers, [illegible] on a low-cost version of HP's PA-Risc microprocessor chip, [illegible] aggressively priced. [illegible] machines, which [illegible] at [illegible], will compete with high-end PCs. The [illegible] HP [illegible] in price from [illegible] outperform PC [illegible] while under-cutting [illegible] price [illegible] mini-computers, such [illegible] the IBM [illegible]

HP's [illegible] computers [illegible] companies adopting the client [illegible] networked computing model.

"These [illegible] machines needed by companies that are re-engineering their businesses," says Mr Willem Roelants, general [illegible] of HP's computer systems operations. "The fundamental idea of re-engineering is to give employees [illegible] so that [illegible] person [illegible] complete [illegible] job, such [illegible] a customer transaction, without having to [illegible] it [illegible] to [illegible] different people [illegible] different departments."

Sales of enterprise workstat-[illegible] are rising sharply according [illegible] a market report issued last week by Frost and Sullivan, the US market research [illegible]. World [illegible] expected [illegible] reach $25bn per year by 1999, the [illegible] predicted.

HP's challenge in the enterprise workstation market [illegible] displace high-end PCs. To do [illegible] it will offer [illegible] compatibility with programs designed [illegible] the [illegible] Win-[illegible] environment [illegible] well as UNIX applications. HP will introduce multi-media pro-[illegible] video and voice applications.

HP [illegible] designed its new desktop and [illegible] computers [illegible] they [illegible] run Microsoft's new Windows NT operating system.

Lotus Development, Applix and Clarity have developed [illegible] for [illegible] new HP desktop machines.

The [illegible] HP desktop comput-[illegible] will run [illegible] PC pro-[illegible] UNIX application [illegible]

Bank of Montreal plans US expansion

By Robert Gibbens in Montreal and Bernard Simon in Toronto

Bank of Montreal, one [illegible] Canada's top three chartered banks, plans to expand [illegible] sively in the US through its 100 per cent-owned Harris Bankcorp.

Mr Matthew Barrett, chairman, told the bank's annual meeting [illegible] Harris, [illegible] in Chicago, [illegible] now worth US$2bn, nearly four [illegible] the acquisition price in 1984. Harris will be the backbone [illegible] the US expansion.

He added that Harris, [illegible] the [illegible] the [illegible] will expand into new territory. "We'll invest a further US$1bn in [illegible] next [illegible] It [illegible] triple [illegible] network and its market share."

Harris and the bank's Cana-[illegible] securities subsidiary [illegible] bit Thomson together will form [illegible] continental investment bank.

He [illegible] BMO would also strengthen [illegible] presence in [illegible] and rapidly expand [illegible] seven-branch network in south-east [illegible]

"[illegible] earned half [illegible] net profits of C$709m (US$533m), [illegible] a share, [illegible] Canada," [illegible] Mr Barrett. "In [illegible] expect [illegible] our profit in the [illegible] alone."

The Canadian [illegible] raising [illegible] quarterly dividend, reflecting [illegible] strong performance and [illegible] for [illegible] six banks. BMO [illegible] dividend would climb [illegible] share from [illegible]. Earlier, [illegible] of Nova Scotia [illegible] quarterly payout from 29 [illegible] 30 cents. Bank shares have [illegible] steeply [illegible] the Toronto [illegible] exchange in recent months in anticipation of stronger lending volumes and declining loan losses.

[illegible] Bank of [illegible] Scotia [illegible] trading at C$32.38 yesterday, up [illegible] year's [illegible]

BMO has posted [illegible] for the [illegible] four years in a row. Mr Barrett told the annual meeting [illegible] it aims to be the first bank providing [illegible] full range of [illegible] across both the US and [illegible]

Mr [illegible] warned [illegible] willing to compete head-on with US banks [illegible] the border, they should resign [illegible] being regional banks, "and perhaps not even independent regional banks".

Battle hots up for Brazil's telecom market

Patrick McCurry reports on AT&T's attempt to break into the supply monopoly

AT&T, [illegible] telecommunications group, is attempting to fight its way into Brazil's traditionally protectionist equipment supply market but it is meeting fierce opposition from the local operations of its rivals NEC, Ericsson and Siemens.

They maintain that AT&T's move [illegible] a "predatory invasion" and are putting up [illegible] resistance to the US group's entry.

The struggle [illegible] regarded as a microcosm of the debate on breaking the country's telecommunications monopoly. The [illegible] has provoked controversy, partly because under past military regimes telecommunications [illegible] of Brazil's [illegible] sensitive [illegible] and [illegible] government insisted on protecting locally based technology.

The dispute [illegible] on a contract for [illegible] switching centres, capable of providing 720,000 new telephone lines, [illegible] for tender by Telebrás, the state-controlled telecom company, [illegible] November.

A surprise last-minute [illegible] from AT&T Network Systems [illegible] Brasil, [illegible] joint venture between AT&T and [illegible] local company, sparked [illegible] complaints and legal action from NEC [illegible] Brasil, Ericsson Telecomunicaçoes and Equitel, [illegible] Siemens-linked company, prompting President Itamar Franco [illegible] suspend the tender. AT&T's [illegible] is thought [illegible] substantially lower than the three locally based companies.

Brazil's telecom equipment market [illegible] worth about $2bn [illegible] year but, with a backlog of 10m lines due [illegible] under investment by Telebrás, it could reach $5bn-$7bn by [illegible] end of the decade.

"This [illegible] just [illegible] big [illegible] market for us [illegible] give up. They might succeed in blocking [illegible] temporarily but we're not going away," says Mr Antonio [illegible] Gil, president of AT&T Networks Systems do Brasil.

According to Mr Sergio Goldman, research director at brokerage house Baring Securities Brasil, Telebrás spends $3,000 in capital investment [illegible] each line installed, compared with [illegible] in Mexico and $1,000 in Chile. [illegible] least [illegible] that difference [illegible] due to higher equipment costs, [illegible]

"Increasing competition in equipment supply will lower [illegible] but [illegible] of the [illegible] nies [illegible] unwilling to accept this competition and unfortunately they are influencing the government," says [illegible] Goldman.

Telebrás's estimated capital spending [illegible] year [illegible] regarded as half of [illegible] to be spent [illegible] demand [illegible] to be met and Brazil's very low ratio of 7.4 phone lines per [illegible] inhabitants, less than [illegible] and Argentina, significantly expanded.

Locally based companies argue that they invested [illegible] Brazilian production [illegible] for [illegible] protected market. This system [illegible] abolished by former President Fernando Collor in 1990, [illegible] they now find themselves threatened by cheaper imports.

Mr Verner Dittmer, president of Equitel, accepts [illegible] Brazil [illegible] ignore the world [illegible] towards opening markets: "I'm in favour [illegible] competition but [illegible] opening [illegible] be gradual.

Brazilian president Itamar Franco suspended AT&T's tender

Even in the US there is protection for local industry against predatory invasion."

Mr Gilberto Garbi, president of NEC [illegible] Brasil, says other foreign companies, such [illegible] Alcatel [illegible] France, have entered the market since [illegible] abolition [illegible] market [illegible] but have done [illegible] by establishing [illegible] local manufacturing base. "The problem with AT&T is the way it wants [illegible] come in, just importing [illegible] contributing [illegible] jobs," [illegible] says.

The local companies have [illegible] down their Brazilian plants and import if AT&T gets the contract.

Mr [illegible] of AT&T Network Systems says the company intends to assemble imported components [illegible] plant in [illegible] free-trade zone of [illegible] later manufacture electronic boards there. But he [illegible] production will take place "where it is [illegible] for [illegible] business plan".

In a [illegible] apparently supporting the locally based companies and critical [illegible] Telebrás, President Franco suspended the bid indefinitely on December 8, calling [illegible] full investigation of AT&T's Network Systems' bid paperwork. [illegible] the tender would be cancelled if any irregularity were discovered by the Telebrás inquiry.

Shortly afterwards the government issued ordinances offering substantial tax incen-[illegible] for locally made [illegible] equipment.

For switching centres, local [illegible] must [illegible] 85 [illegible] cent in 1994 [illegible] qualify for the fiscal benefits, while AT&T's equipment is initially expected [illegible] contain 35 per cent local [illegible]. The industry and [illegible] minister defended the measures, arguing that locally based companies needed more time to adapt [illegible] international competition.

Mr Gil says AT&T Network Systems [illegible] studying "a number of options" in response to the [illegible] including speeding up its investment plans and possibly moving [illegible] production from Manaus [illegible] Curitiba in the [illegible] of Brazil.

The new [illegible] will [illegible] affect the current contract [illegible] the bid is cancelled and re-tendered, but [illegible] Garbi of NEC believes it [illegible] "99 per cent likely" that the government [illegible] the bid and hold [illegible] again under [illegible] rules.

Even if AT&T [illegible] this battle, in the longer term the market [illegible] likely [illegible] opened.

Finance minister Mr Fernando Henrique Cardoso's proposals [illegible] amend the constitu-[illegible] and allow [illegible] kind of privatisation of Telebrás's [illegible] service monopoly [illegible] be discussed in the pending constitutional review point [illegible] more competition.

According to Mr Goldman, the current Telebrás [illegible] pro-[illegible] another good [illegible] for privatisation "because a privatised [illegible] would [illegible] have the same political pressures and would buy from whoever it wanted".

Polish broadcasters bid for TV contract

By [illegible] Bobinski in Warsaw

Local private broadcasters have strengthened their chances [illegible] winning Poland's first national [illegible] television [illegible] of public hearings [illegible] yesterday.

The companies [illegible] competing in [illegible] for the 10-year [illegible] against [illegible] such as the Bertelsmann group of Germany, Compagnie Luxembourgeoise de [illegible] (CLT) and [illegible] the US, which [illegible] put in bids [illegible]

The [illegible] applica-[illegible] contrasted [illegible] bid from Bertelsmann, which [illegible] to [illegible] $200m [illegible] little secret of the [illegible] it [illegible] control the venture.

Time Warner, Capital Cities-[illegible] and CNN, which [illegible] making [illegible] joint bid, have [illegible] a cautious approach with an overall initial investment worth [illegible] in their project val-[illegible] $50m. The group esti-[illegible] that [illegible] project requires the construction [illegible] transmis-[illegible] equipment by Nexus, a UK [illegible] worth $37m.

[illegible] law, foreign shareholdings in [illegible] compa-[illegible] are limited [illegible] 33 [illegible] cent. The hearings [illegible] Polsat, a [illegible] per cent locally owned station which [illegible] already broadcasting into Poland [illegible] satellite from Hilversum in Holland, arguing [illegible] the [illegible] channel should stay in Polish hands.

[illegible] argument was [illegible] by [illegible] Polska, another applicant, which is controlled by [illegible], a privatised entertain-[illegible] group [illegible] owns Super-[illegible], a profitable [illegible] daily, as well as [illegible] local [illegible] and several gambling [illegible]

[illegible] groups which [illegible] merge to strengthen their bid, [illegible] the financing [illegible] around $70m [illegible] channel can [illegible] raised [illegible] local capital [illegible] while manage-[illegible] expertise and programming can be brought in from abroad.

The arguments appeared [illegible] be favourably received by the Radio and TV Council, a broadcast media regulatory body established under laws passed [illegible] year which removed the [illegible] monopoly over the air-[illegible]. A decision on [illegible] due [illegible] month.

Correction

Lauffenmühle

The Financial [illegible] reported on December 21 that [illegible] German textiles manufacturer Lauffenmühle [illegible] into receivership. The company came out of receivership in July 1993 and [illegible] now trading normally.

British banks criticise Basle proposals

By John Gapper, Banking Editor

British banks have become the latest group [illegible] criticise proposals from international supervisors [illegible] them [illegible] capital to [illegible] in foreign exchange, securities and derivatives trading.

The [illegible] Association [illegible] told [illegible] committee of international [illegible] supervisors [illegible] proposals are [illegible] conservative [illegible] reduce banks' motivation [illegible] develop sophisticated risk management.

It describes as "deeply disappointing" [illegible] "frankly puzzling" [illegible] fact that the proposals do not reward banks which have better monitoring systems with reduced capital charges.

It [illegible] level [illegible] capital which [illegible] supervisors propose should be set [illegible] cover equity [illegible] equity derivatives positions, and [illegible] the proposals [illegible] put banks [illegible] competitive [illegible] advantage [illegible] securities firms.

The response [illegible] critical report [illegible] Institute of International Finance, representing 175 international banks, which [illegible] proposals could undermine the clarity of capital rules covering credit risks.

EU banks, which will have [illegible] comply with both the [illegible] capital adequacy directive and [illegible] rules, will find the regulatory regime "a bit messy" [illegible] the [illegible] are harmonised, [illegible] association.

It [illegible] of [illegible] proposal [illegible] banks to make an 8 [illegible] capital charge [illegible] equity positions unless they are liquid [illegible] well-diversified, when [illegible] capital charge falls to 2 per cent. It says these charges – double those under [illegible] EU directive – are too [illegible] servative. A 2 [illegible] cent charge on index futures and options arbitraged against a matched cash position is described as "certainly not justified".

The association criticises the [illegible] approach of adding a capital charge for market [illegible] that [illegible] counterparty credit exposure, arguing that a mar-[illegible] neously [illegible] both types [illegible] risk.

It says there [illegible] a danger [illegible] trading [illegible] will be driven to competitors "by a regime that imposes onerous costs [illegible] the banking industry".

Allied-Signal in car seat belt deal

Allied-Signal of the US has signed an agreement to acquire the [illegible] belt business of Gilardini, [illegible] Italian automotive supplier that is majority-owned by Fiat, agencies report from Southfield, Michigan.

Terms of the agreement, expected to be made final [illegible] January 31, [illegible] not disclosed.

Allied-Signal said the unit has sales of about $34m.

The US group, which also serves the aerospace sector, said it had signed agreements [illegible] supply Fiat with air bags, [illegible] belts and pre-tensioners, devices that limit forward movement in [illegible] crash.

Allied-Signal also signed a three-way venture with Sequa's Atlantic Research and Gilardini's [illegible] Defensa e Spazio of Italy [illegible] supply advanced air bag inflators to European manufacturers.

The venture will [illegible] based in Colleferro, Italy, and initially will supply Fiat in Italy and Opel in Germany.

Each company owns [illegible] third of the venture. It is scheduled [illegible] begin pilot production in late 1994 and will be able [illegible] produce more than 2m inflators annually.

Coopers [illegible] Lybrand US chief to retire

Mr Eugene Freedman [illegible] to retire as chairman [illegible] Coopers [illegible] Lybrand's US firm on September 30, and [illegible] chairman of the international executive committee and board of directors in late October, AP-DJ reports.

The firm requires that partners retire from the firm [illegible] the end of the fiscal year in which they turn 62.

MERRILL LYNCH M&A. GLOBAL

Abbey Healthcare Group Incorporated
acquired
Total Pharmaceutical Care, Inc.
$184,000,000

Agnico-Eagle Mines Limited
acquired
the remaining 46.3% not already owned of
Goldex Mines Limited
$30,500,000

Agricultural Minerals and Chemicals Inc.
merged with
BMC Holdings Inc.
and completed [illegible] subsequent recapitalization
Value not disclosed

Air Partners, L.P.
and Air Canada
acquired [illegible] 57.4% primary equity interest
(74.0% fully diluted) in Continental Airlines, Inc.
upon its completion of reorganization under
Chapter 11 of the U.S. Bankruptcy Code
$6,630,800,000

Alleghany Corporation
acquired
Underwriters Reinsurance Company
$286,000,000

Alza Corporation
contributed $250,000,000 [illegible] its
subsidiary, Therapeutic Discovery Corporation (TDC).
TDC [illegible] subsequently distributed [illegible]
Alza shareholders by [illegible] of
[illegible] special dividend

Arkla, Inc.
sold Louisiana Intrastate Gas Company
[illegible] a subsidiary of Equitable Resources, Inc.
$191,000,000

Arkla, Inc.
agreed [illegible] sell [illegible]
Natural Gas Pipeline System in Kansas [illegible]
UtiliCorp United
$25,000,000

Arkla, Inc.
exchanged its
Minnegasco South Dakota Service Area for the
Midwest Gas Service Area in Coon Rapids, Michigan
of Midwest Resources Inc.
$38,000,000

Arkla, Inc.
sold its Minnegasco Nebraska Natural Gas
Distribution System [illegible] a subsidiary of
UtiliCorp United
$78,000,000

Avnet, Inc.
acquired
Hall-Mark Electronics Corporation
$485,000,000

Bank of Boston Corporation
acquired
Multibank Financial Corp.
$262,138,000

Bank of Boston Corporation
acquired
Society for Savings Bancorp, Inc.
$239,944,000

The Bank of New York Company, Inc.
acquired
National Community Banks, Inc.
$651,800,000

Bank of the West
(subsidiary of Banque Nationale de Paris Group)
agreed [illegible] acquire
15 California branches of Citibank, [illegible]
Value [illegible] disclosed

Bank South Corporation
acquired
Barnett Banks of Atlanta and
Barnett Banks of Fayette County from
Barnett Banks, Inc.
$125,000,000

Bank South Corporation
sold
Citizens and Peoples National Bank of Pensacola [illegible]
Barnett Banks, Inc.
$70,000,000

BankWorcester Corporation
agreed [illegible] be acquired by
Bank of Boston Corporation
$247,000,000

Banque Bruxelles Lambert S.A.
entered into a bancassurance accord with
Royale Belge S.A. and Winterthur S.A.
Value not disclosed

BCP Branded Consumer Products [illegible]
received an indication from AB Volvo that it
intends [illegible] acquire the outstanding 26.3% of BCP
it does not already own
$580,000,000

Bergen Brunswig Corporation
sold its Durr-Fillauer Orthopedic Division
to the Fillauer Group
Value not disclosed

Berk-Tek, Inc.
acquired by
Alcatel NA Cable Systems, Inc.
Value not disclosed

Blockbuster Entertainment Corporation
acquired a 35% stake in
Republic Pictures Corporation
$25,000,000

Blockbuster Entertainment Corporation
acquired [illegible] majority interest in
Spelling Entertainment Group Inc.
$297,700,000

Care Enterprises, Inc.
agreed to merge with
Regency Health Services, Inc.
$161,000,000

Chemical Banking Corporation
acquired from the FDIC
five former bank subsidiaries of
First City Bancorporation of Texas, Inc.
$593,000,000

The Cincinnati Gas & Electric Company
and PSI Resources, Inc.
agreed to merge
with newly formed CINergy Corp.
$7,400,000,000

Citizens Financial Group, Inc.
(subsidiary of The Royal Bank of Scotland plc)
acquired
Boston Five Bancorp, Inc.
$95,000,000

Columbia Healthcare Corporation
agreed [illegible] acquire
HCA-Hospital Corporation of America
$7,909,800,000

Commercial Federal Corporation
successfully negotiated a
settlement with a dissident shareholder
group for withdrawal of certain
shareholder proposals

The Continental Corporation
sold the provincial business of
Lombard Continental Insurance plc
through [illegible] management buyout
Value not disclosed

Cooper Industries Inc.
agreed to sell its
Cameron Forged Products Division [illegible]
Wyman-Gordon Company
$92,500,000

CoreStates Financial Corp
agreed [illegible] acquire
Constellation Bancorp
$320,000,000

CORTEC Group, Inc.
sold
LePage's, Inc. to
The Jordan Company
Value not disclosed

Costar Corporation
acquired by
Corning Incorporated
$180,000,000

Cragin Financial Corp.
agreed [illegible] be acquired by
ABN AMRO North America, Inc.
(subsidiary of ABN AMRO Holding N.V.)
$550,000,000

Del Monte Corporation
sold its
Container Manufacturing Business [illegible]
Silgan Containers Corporation
$72,800,000

Desjardins Trustco Inc.
acquired by
La Société Financière des Caisses Desjardins Inc.
$7,940,000

The Dime Savings Bank of New York, [illegible]
completed a recapitalization plan, which included
a $200,000,000 rights offering of common stock,
the issuance of $100,000,000 of preferred stock
and the sale of the branches of
The Dime Savings Bank of New Jersey [illegible]
First Fidelity Bancorporation
$12,000,000

Dresser Industries, Inc. and
Ingersoll-Rand Company
agreed [illegible] acquire 24% of
Nuovo Pignone S.p.A. from
Ente Nazionale Idrocarburi S.p.A.
$146,000,000

Duke Energy Corp.
Entergy Corp. and other members of a Consortium
acquired a 65% interest in
Compania de Transporte de Energia Electrica en
Alta Tension (TRANSENER) from
The Republic of Argentina
$260,000,000

Elm Financial Services, Inc.
acquired by
St. Paul Bancorp Inc.
$51,800,000

Enron Liquids Pipeline Company
acquired the
Cora Terminal and related assets from
Cora Dock Corporation
Value [illegible] disclosed

Federal Express Corporation
sold
Tiger Trucking Subsidiary, Inc.
(parent company of Warren Transport, Inc.)
[illegible] Anderson Trucking Service, Inc.
Value [illegible] disclosed

Federal-Mogul Corporation
acquired the [illegible] of
Sealed Power Replacement
(subsidiary of SPX Corporation)
$150,000,000

First Bank System, Inc.
acquired
Colorado National Bankshares, Inc.
$612,778,000

Fleet Financial Group, Inc.
repurchased two classes of
Depository Shares each representing
Perpetual Preferred Stock
$104,100,000

Friends Provident Life Office
acquired
NM UK Limited
$172,000,000

Friends Provident Life Office
agreed to acquire
NM Life Assurance Ireland Limited
$16,000,000

General Felt Industries, Inc.
acquired by
Foamex L.P.
pursuant to [illegible] merger
$95,800,000

Genesis Health Ventures, Inc.
acquired
Meridian Healthcare, Inc.
$205,000,000

Glaxo Holdings p.l.c.
formed a joint venture with
Warner-Lambert Company
Value not disclosed

Government Guarantee Fund, Republic of Finland
provided governmental assistance in
the restructuring and acquisition of STS-Bank Ltd. by
Kansallis-Osake-Pankki
Value not disclosed

Government Guarantee Fund, Republic of Finland
restructured the Savings Bank of Finland and
transferred substantially all the performing assets
and liabilities to Kansallis-Osake-Pankki,
OKOBANK Group, Union Bank of Finland Ltd.
and Postipankki Ltd.
$970,000,000

W.R. Grace [illegible] Co.
sold
Grace Drilling Company [illegible]
Nabors Industries, Inc.
$32,000,000

W.R. Grace & Co.
sold
Grace Petroleum Corporation
[illegible] undisclosed buyer
$125,000,000

W.R. Grace & Co.
sold the East Texas Operations
of Grace Petroleum Corporation [illegible]
Sonat Inc.
$38,000,000

GTE Corporation
sold GTE Valenite Corporation [illegible]
Cincinnati Milacron Inc.
$80,000,000

GTE Corporation
sold the Telecommunications Assets
of Control Devices Incorporated [illegible]
Siecor Corporation
Value not disclosed

GTE Corporation
sold the North American component
of its EPG Lighting Business [illegible] Siemens Corporation
and the remaining components of its global
EPG Lighting Business [illegible] an entity organized by
Citicorp Venture Capital Limited
$1,100,000,000

Guess?, Inc.
repurchased a 40% stake from
Georges Marciano
$200,000,000

RESOURCES THAT MAKE A DIFFERENCE.

Hanson Industries
(subsidiary of Hanson plc)
sold
Axelson, Inc. to
Wheatley TXT Corp.
$82,700,000

Harbour Group Industries, Inc.
sold [illegible] Alloys, Inc. to
Code, Hennessy & Simmons
Value not disclosed

Hecla Mining Company
agreed to acquire
Equinox Resources Limited
$57,000,000

G. Heileman Brewing Co., Inc.
agreed to be acquired by
Hicks, Muse & Co.
$390,000,000

HMO America, Inc.
acquired by
United HealthCare Corporation
$428,000,000

Holdings of 1992 (UK) Limited
sold Economic Insurance Company Limited
through a management buyout led by
Candover Investment Partners Limited
Value not disclosed

INDRESCO Inc.
sold a 31% stake (with option up to 50%)
in Komatsu Dresser Company to
Komatsu Ltd.
Value not disclosed

Institutional Financing Services, Inc.
agreed to be acquired by
Tyler Corporation
$53,000,000

Intelligent Electronics, Inc.
sold
BizMart, Inc. to OfficeMax, Inc.
(a unit of Kmart Corporation)
$270,000,000

Kaufman and Broad Home Corporation
offered to purchase any and all of its
Special Common Stock
$126,000,000

Kmart Corporation
agreed to sell
Pay Less Drug Stores Northwest, Inc. to
TCH Corporation and Thrifty Holdings, Inc.
$1,000,000,000

MacAndrews & Forbes Holdings Inc.
acquired through its subsidiary
New Marvel Holdings Inc.
10 million shares of common stock of
Marvel Entertainment Group, Inc.
$300,000,000

Madison Dearborn Partners, L.P.
acquired the
Buckeye Cellulose Cotton Linter Pulp Business
and a 50% joint venture interest in the
Foley Wood Pulp Mill from
The Procter & Gamble Cellulose Company
Value not disclosed

MCI Communications Corporation
agreed to sell a 20% stake to
BT Plc
$4,300,000,000

Medical Marketing Group, Inc.
agreed to be acquired by
Medco Containment Services, Inc.
$157,000,000

Meer Corporation
acquired by
International Frutarom Corporation
Value not disclosed

Merrill Lynch Capital Partners, Inc.
merged White Swan Holdings, Inc.
with US Foodservice, Inc. (formerly Unifax, Inc.)
Value not disclosed

Merrill Lynch Capital Partners, Inc.
acquired
PaineWebber Mortgage Finance Inc. from
PaineWebber Group Inc.
Value not disclosed

Merrill Lynch Capital Partners, Inc.
agreed to acquire
P. C. Accessories, Inc.
Value not disclosed

Merrill Lynch Capital Partners, Inc.
through Wherehouse Entertainment, Inc.
acquired
The Record Shop, Inc.
and agreed to acquire
Pegasus Music and Video, Inc.
Value not disclosed

Merrill Lynch Interfunding Inc.
sold its interest in
Cal Dive International Inc.
to management
Value not disclosed

Merrill Lynch Interfunding Inc.
sold its interest in
Charlestown Holdings, Inc.
Value not disclosed

Milburn Investments, Inc.
acquired by
Continental Homes Holding Corp.
Value not disclosed

NEXTEL Communications, Inc.
agreed to acquire the
[illegible] MHz Specialized Radio Mobile licenses
and ancillary [illegible] in 21 [illegible]
and the District of Columbia from
Motorola, Inc.
$1,633,000,000

NEXTEL Communications, Inc.
acquired
Dispatch Communications, Inc.
$541,800,000

Occidental Petroleum Corporation
sold Island Creek Coal, Inc.
to CONSOL Energy Inc.
Value not disclosed

Office Depot, Inc.
acquired
Eastman Office Products Corporation from
McCown De Leeuw & Co.
$250,000,000

One Valley Bancorp of West Virginia, Inc.
agreed to acquire
Mountaineer Bankshares of West Virginia, Inc.
$130,000,000

Oregon Steel Mills, Inc.
acquired substantially all the assets of
CF&I Steel Corporation and certain of its
subsidiaries pursuant to a plan of reorganization
Value not disclosed

Österreichische Industrieholding AG
sold
A.S.A. Abfall Service Holding AG
to TIRU GmbH
(subsidiary of Electricité de France)
Value not disclosed

Petrofina S.A.
sold its interest in
Haffina Reinsurance Private Limited to
Hafnia Reassurance A/s
Value not disclosed

Pilliod Holding Company
agreed to be acquired by
LADD Furniture, Inc.
$54,000,000

Pioneer Fed BanCorp, Inc.
acquired by
First Hawaiian, Inc.
$92,600,000

Plum Creek Timber Company, L.P.
repurchased 1.25 million
Deferred Participation Interests from
affiliates of SPO Partners & Co.
$61,875,000

Potomac Electric Power Company
agreed to acquire Columbia LNG Corp. from
Columbia Gas System Inc.
Value not disclosed

Preferred Health Care Ltd.
acquired by
Value Health, Inc.
$418,000,000

The Prudential-Bache Energy Income Funds
acquired by
Parker & Parsley Petroleum Company
$508,000,000

Puget Sound Bancorp
acquired by
KeyCorp
$807,200,000

Rhône-Poulenc S.A.
sold Ceramiques & Composites
to a management group
Value not disclosed

Roosevelt Financial Group, Inc.
agreed to acquire
Farm & Home Financial Corporation
$258,000,000

The Rothenberger Group
expanded the shareholder base of
Austria Haustechnik AG
to include CVC Venture Capital
Value not disclosed

Royal Trustco Limited
sold
Pacific First Financial Corporation to
Washington Mutual Savings Bank
$663,000,000

San Marcos Telephone Company, Incorporated
and SM Telecorp, Inc.
acquired by
Century Telephone Enterprises, Inc.
$119,400,000

Societé D'Études et Installations Industrielles CNUD S.A.
agreed to be acquired by
B.M.T. Group
Value not disclosed

Sorin Biomedical Inc.
(affiliate of SNIA BPD SpA, a FIAT Group Company)
sold Tracheostomy Products, Inc. to
Mallinckrodt Medical, Inc.
(subsidiary of IMCERA Group Inc.)
$85,000,000

Standard Federal Bank
acquired
Heritage Bankcorp., Inc.
$110,700,000

The Sterling Group, Inc.
agreed to acquire
G-P Envelope Holdings, Inc.
(a wholly owned subsidiary of
Georgia-Pacific Corporation)
Value not disclosed

Tenneco Inc.
sold
Viking Gas Transmission Company and
Minnesota Intrastate Transmission System to
Northern States Power Company
$45,000,000

Terra Industries Inc.
acquired the assets and
business of Asgrow Florida Company
(subsidiary of The Upjohn Company)
$31,000,000

Tetra Laval
sold Bran & Luebbe
to a consortium led by
CWB Capital Partners Limited
$128,000,000

The Thermo Companies
sold a participating interest in the
Fort Lupton Cogeneration Plant to
CSW Energy, Inc. (subsidiary of
Central and SouthWest Corporation)
Value not disclosed

Tower Corporation Holdings
acquired
Friends' Provident Life Assurance Company Limited
(subsidiary of Eureko B.V.)
Value not disclosed

TransAlta Energy Corporation,
Duke Energy Corp.
and other members of a Consortium
acquired a 59% interest in
Hidroelectrica Piedra del Aguila S.A. from
The Republic of Argentina
$520,000,000

Transco Energy Company
sold
Transco Energy Ventures Company to
National Power PLC
$160,000,000

The Travelers Corporation
merged with
Primerica Corporation
$4,064,000,000

The Travelers Corporation
sold
The Massachusetts Company Inc.
to PNC Bank Corp.
$55,700,000

Treuhandanstalt
sold
Maschinenbau-und Technikhandel
AG Berlin (MBH) to a group led by Cordes & Graefe
Value not disclosed

Universal Corporation
acquired
Nyidofer Tobacco Processing Company
from the Republic of Hungary-State Property Agency
Value not disclosed

WMX Technologies, Inc.
restructured through the
combination of certain businesses of
Wheelabrator Technologies Inc. and
Chemical Waste Management, Inc. and the merger of
The Brand Companies, Inc. to form a new company,
Rust International Inc.
$1,850,000,000

WellPoint Health Networks Inc.
agreed to acquire
UniCARE Financial Corp.
$157,800,000

J.H. Williams Industrial Products, Inc.
acquired by
Snap-on Tools Corporation
Value not disclosed

The difference is Merrill Lynch.

Merrill Lynch
A tradition of trust.

Sunkyong seeks control of Korean Mobile Telecom

By John Burton in Seoul

Sunkyong, South Korea's fifth-largest conglomerate, is [redacted] drop out of [redacted] proposed [redacted] tium to operate [redacted] country's [redacted] cellular telephone network and hopes instead to become the main shareholder in Korean Mobile Telecom (KMT).

Forty-four per [redacted] of [redacted] the only existing cellular telephone operator, will [redacted] sold by auction next [redacted] by Korean Telecom, the state-supported telecommunications agency, [redacted] part of [redacted] privatisation programme.

Sunkyong won the licence to operate [redacted] second mobile telephone project in [redacted] but [redacted] to give it up after allegations of nepotism under [redacted] previous government of President [redacted] Roh Tae-woo.

Allegations of official favouritism have continued; [redacted] December [redacted] government appointed [redacted] Federation of Korean Industries, the country's main business organisation [redacted] Sunkyong chairman, Mr Chey Jong-hyon, to form a consortium for the new mobile telecom network by the end of February.

Mr Chey [redacted] Sunkyong was abandoning the [redacted] mobile telecom project [redacted] remove [redacted] picions about the [redacted] selection of its partners.

Analysts [redacted] Sunkyong will have to spend Won300bn [redacted] to gain [redacted] controlling stake in KMT, which is one of the favourite Korean stocks among foreign investors. It has been trading with a premium as high [redacted] per [redacted] foreign investors on [redacted] over-the-counter [redacted] after [redacted] 10 [redacted] foreign shareholding limit was filled in 1992.

The high premium reflects the growth potential for the cellular telephone market in Korea, which has [redacted] an annual doubling in subscribers during [redacted] last few years.

Sunkyong's decision to bid for KMT will affect the strategy [redacted] other [redacted] companies wanting to [redacted] the mobile telephone [redacted] Pohang Iron [redacted] Steel, [redacted] country's leading steelmaker, and Kolon, a textile group, [redacted] also [redacted] bid for control of KMT.

[redacted] analysts believe [redacted] departure of Sunkyong from the second mobile [redacted] project will persuade them [redacted] take [redacted] that network instead, and [redacted] a costly bidding [redacted] for KMT. Both companies [redacted] peted against Sunkyong for [redacted] second cellular network contract in [redacted]

KMT [redacted] the second state-owned telecommunications company [redacted] privatised recently. In November [redacted] Telecom sold [redacted] controlling interest in Dacom, [redacted] only competitor in international telecommunications services, [redacted] Tongyang [redacted]

Chrysler boosts jeep production in Beijing

[redacted] Beijing Staff

Beijing Jeep, Chrysler's Chinese joint venture, plans [redacted] more than double production to an annual [redacted] Jeeps by early next century.

Present production of the [redacted] vehicle and military-style Jeep [redacted] about [redacted] units annually. The Sino-US venture will spend Yn2.1bn ($241m) over the [redacted] upgrade Beijing's plant to [redacted] international competition.

Chrysler [redacted] per cent [redacted] the Beijing venture. It plans to build 20,000 Jeep Cherokees [redacted] 50,000 traditional semi-military Beijing Jeeps in [redacted] fell below [redacted] target 35,000 units [redacted] year with only [redacted] sold, largely due to a government-imposed [redacted]

"A production target [redacted] mean much [redacted] me," said Mr Fu Deru, [redacted] plant's spokesman. "The most important question [redacted] how many units can you sell. We've already acquired [redacted] production capacity [redacted] could churn out more than the market could [redacted]"

In the [redacted] Beijing Jeep [redacted] produced 354,000 jeeps including 70,000 Cherokees, earning Yn1.07bn in profits. Sixty per cent of Cherokee components are [redacted] China.

[redacted] recently lowered [redacted] automobile import tariff from 220 per [redacted] per [redacted] and lifted [redacted] on [redacted] purchases. The move [redacted] expected [redacted] China's [redacted] market, which has been severely restricted with little opportunity for private ownership.

[redacted] so far allowed [redacted] foreign automobile companies [redacted] up joint [redacted] plants, with Germany's 50 per cent-owned Volkswagen Shanghai [redacted] largest. [redacted] producers are lobbying the [redacted] government to enter the quickly expanding [redacted]

China produced 1.18m motor vehicles last [redacted] and sales reached 1.17m. The plan for [redacted] is [redacted] Chinese officials say they [redacted] to [redacted] the automobile [redacted] rate [redacted] per cent a year.

China to raise more capital in West

By Tony Walker in Beijing and Conner Middelmann in London

China [redacted] set [redacted] aggressive capital raising in Western markets following its registration with [redacted] US Securities Exchange Commission to [redacted] some $1bn in global bonds.

Merrill Lynch, in association with major securities houses and banks, will [redacted] the dollar-denominated [redacted] be [redacted] China's Ministry of Finance to help finance the country's [redacted] infrastructure requirements.

The global bonds will mark [redacted] Chinese government's [redacted] entry to [redacted] US market since the Communist revolution, although a state-owned corporation issued $250m worth of paper to US buyers last July.

China's demand for capital [redacted] its modernisation drive [redacted] almost insatiable, and a successful global bond issue is certain to be [redacted] by further forays into world markets.

The country's ability [redacted] sell debt securities [redacted] recently enhanced by [redacted] upgrading of its [redacted] rating. In September Moody's raised its [redacted] rating [redacted] from Baa1, [redacted] Standard [redacted] Poor's rate China's outstanding debt triple-B.

China's Ministry [redacted] Finance last October tapped the "dragon bond" market in Hong Kong, issuing $300m of 10-year bonds, targetted mainly at Asian institutional investors. Earlier [redacted] ministry [redacted] Y30bn ($3bn) of five-year Eurobonds.

The China International Trust and Investment Corporation (CITIC) [redacted] for Chinese institutions seeking to raise capital in the US. [redacted] issue of 10-year bonds, launched last year, met strong demand.

The forthcoming global bond [redacted] expected [redacted] receive a warm welcome, especially from Asian investors, but also from the US and Europe, where yield-hungry investors are keen to buy liquid bonds offering a substantial yield pick-up.

China's dragon bond [redacted] launched at an 88-basis-point spread [redacted] US Treasuries, and given the liquidity of the forthcoming global bond, some market participants say the deal could [redacted] a slightly tighter spread.

The dragon bond widened slightly to 86 basis points on the bid price yesterday as word over the China global bond spread through the market.

Investcorp posts profits up 7%

By John Gapper, Banking Editor

Investcorp, [redacted] Bahrain-based international merchant bank, which last year [redacted] Gucci, the luxury goods company, yesterday announced [redacted] 7.3 per [redacted] in full-year post-tax profits [redacted] $67.3m, after making [redacted] acquisitions during [redacted]

Investcorp was [redacted] 11 [redacted] by [redacted] founding shareholders [redacted] Arab countries. [redacted] intended as [redacted] vehicle [redacted] channel private wealth from the region into established businesses in developed countries.

The bank [redacted] tradition [redacted] making [redacted] annual [redacted] payment [redacted] shareholders. This [redacted] held [redacted] since its foundation at 15 [redacted] cent [redacted] the $100m capital paid in by founding [redacted]

Among [redacted] bank's deals in [redacted] during [redacted] the acquisition [redacted] Camelot [redacted] for [redacted] it [redacted] thought to have paid [redacted] than $350m, and Circle K, [redacted] fourth-largest chain [redacted] convenience [redacted]

In Europe, [redacted] arranged [redacted] acquisition [redacted] Thorn Lighting from Thorn EMI for £162m [redacted] It [redacted] paid $170m [redacted] its stake and those of its [redacted] in Gucci from [redacted] per cent [redacted] complete ownership.

Mr [redacted] Hallack, co-chief operating officer, [redacted] that [redacted] bank's capital investment activities had [redacted] exceptional year [redacted] six large [redacted] But [redacted] believed there [redacted] strong potential [redacted] year.

He [redacted] trading activities had been "disappointing". However, the bank intended to continue developing them.

Rubbermaid in Asia Pacific venture

By Paul Abrahams in Tokyo

Rubbermaid, [redacted] Ohio-based plastic and rubber [redacted] products group, yesterday signed a joint [redacted] agreement with [redacted] privately-[redacted] Toyama-based [redacted] and one of Japan's leading manufacturers [redacted] household products.

Richell will put its [redacted] leisure products division, [redacted] turover, into [redacted] venture, leaving the parent [redacted] run [redacted] garden business. Rubbermaid will initially hold [redacted] per cent, with the option [redacted] its [redacted] 51 [redacted] by the year-end. [redacted] Blackburn, vice-president of the [redacted] products division, said [redacted] a [redacted] highly likely.

Rubbermaid's acquisition [redacted] part [redacted] strategy [redacted] overseas [redacted] from its present 15 [redacted] of turnover [redacted] 25 [redacted] by [redacted] end of the [redacted] As part of this [redacted] the [redacted] a joint [redacted] in 1990 with DSM of [redacted] Netherlands, [redacted] Mr Blackburn said it [redacted] looking [redacted] in the [redacted] and Latin America.

NEWS DIGEST

Record gold output at Aztec mine

Aztec Mining Company, [redacted] Australian mining [redacted] facing [redacted] unwanted [redacted] (US$174m) bid [redacted] Mr [redacted] Crespigny's [redacted] Investments, yesterday [redacted] record gold output of almost [redacted] was achieved by its Bounty [redacted] Australia in [redacted] months ended [redacted] 25, [redacted] 32 [redacted] increase over [redacted] previous quarter, [redacted] Nikki Tait in Sydney.

The company said the increased production contributed [redacted] 28 per [redacted] reduction [redacted] operating cost per [redacted] gold compared [redacted] previous quarter. [redacted] reported that [redacted] Woodcutters [redacted] yielded [redacted] of zinc and [redacted] but would be "well-positioned to double production in [redacted] event of sustained metal price increases".

AMP lifts income [redacted] A$8bn

The Australian Mutual Provident Society, [redacted] of Australia's largest institutions and owner of [redacted] Pearl and London Life, UK life offices, [redacted] yesterday premium income increased by only [redacted] small [redacted] in 1993, to [redacted] (US$5.3m). However, this masks [redacted] per cent fall in premiums and new savings in Australia, to about A$3.8bn, [redacted] life [redacted] a 10 [redacted] cent increase, [redacted] A$3.2bn. Premiums and [redacted] savings [redacted] from New Zealand-based operations declined, by [redacted] writes Nikki [redacted]

The AMP, which will not release full results for [redacted] until April, said [redacted] in Australia and New Zealand reflected "the impact of the recession [redacted] consumers who were [redacted] willing to [redacted] into long-term financial commitments". The institution, which [redacted] once-commanding position in [redacted] Australian fund management business [redacted] under competitive attack, added [redacted] annual operating [redacted] cut by about A$200m, [redacted] "moving steadily towards becoming [redacted] broader-based worldwide [redacted] saving organisation".

Highlands Gold decreases 45%

Highlands Gold, the Papua New Guinea-based mining [redacted] in [redacted] Australia's MIM Holdings holds [redacted] majority stake, yesterday reported [redacted] per [redacted] fall in earnings in [redacted] 12, [redacted] K12.1m (US$12.3m), writes Nikki [redacted] to K53.5m [redacted] K71.4m.

[redacted] in the [redacted] quarter comprised [redacted] profit [redacted] compared with just [redacted] K9m in [redacted] period [redacted] 1992.

[redacted] figures reflect Highlands' [redacted] in [redacted] in [redacted] Porgera gold mine, to 25 per [redacted] from [redacted] cent. Highlands' share of production [redacted] the Porgera mine [redacted] of 144,417 ounces [redacted] gold at an [redacted] price of US$363 [redacted] ounce during [redacted] period (compared with 194,500 [redacted] at [redacted] in the same period of [redacted] The total contribution from Porgera to group [redacted] was K51.6m.

Pacific BBA buys Indonesian stake

Pacific BBA, [redacted] plastics and automotive supplies [redacted] which [redacted] Australian-[redacted] BBA Group sold [redacted] 57 per cent [redacted] last [redacted] buying a minority [redacted] in Dynaplast, an Indonesian plastics company, [redacted] part of a plan [redacted] move [redacted] market, writes Nikki Tait.

BBA said it had [redacted] working with Dynaplast, which is [redacted] exchange, for [redacted] past [redacted] months, [redacted] plans had been agreed [redacted] BBA products [redacted] area. [redacted] position as [redacted] Dynaplast "confirms ongoing support and [redacted] availability of ... technology for Dynaplast". BBA is paying about A$6m (US$4m) for an 8.1 per [redacted]

Malaysian TV group drops 3%

[redacted] Televisyen Malaysia (TV3), [redacted] country's only privately-owned [redacted] tion, reported pre-tax profits [redacted] ending [redacted] 31 [redacted] M$33.2m ($12.2m), [redacted] drop of [redacted] per cent on the previous year's figure, writes Kieran Cooke in Kuala Lumpur.

TV3 said in spite of a 5 per [redacted] in turnover to [redacted] an [redacted] ment in [redacted] services had produced a reduction in overall earnings.

French new towns plan bond issue

By David Buchan in Paris

Nine of France's post-war "new towns" plan to join forces and issue FFr2-3bn worth of bonds later this year to refinance high-cost bank debt.

The move would mark the first real entry into the international capital markets for the new towns, set up in the last 20 years chiefly around Paris but also near Lyon, Marseilles and Lille.

Mr Jacques Guyard, mayor of Evry and president of the Association of Leaders of the New Towns, said yesterday that in addition to the bond issues, the new municipalities wanted to diversify their annual borrowing of FFr8-900m in order to get better rates.

Some German savings banks had already shown interest in lending to France's new towns, and Mr Guyard hoped that other foreign institutions would follow.

Over the past 15 years, the new towns have amassed debt of FFr11bn ($1.88bn), which costs on average one-third of their annual budgets.

The newly-privatised Crédit Local de France has virtually been the monopoly lender to the new [redacted]

Mr Guyard said that to attract international investors and lenders, "we might form ourselves into a mutual organisation, or perhaps [redacted] sign [redacted] contracts [redacted] ated together".

INTERNATIONAL CAPITAL MARKETS

Gilts end stronger [illegible] traders digest price data

By Antonia Sharpe and Tracy Corrigan

UK government bonds dipped yesterday on the release [illegible] higher-than-expected producer price [illegible] for December, [illegible] quickly [illegible] it became clear the underlying

GOVERNMENT BONDS

trend was lower year-on-year. They ended the day [illegible] a [illegible] point higher, with an equal performance along the yield curve.

"The market was [illegible] by the numbers since they showed that price inflation is still falling," said Mr Simon Briscoe at S.G. Warburg. He said the figures provided [illegible] favourable background for the retail prices index, which will be published tomorrow.

The Bank of England is due [illegible] announce details of its gilts auction this afternoon. The market widely expects the Bank [illegible] opt for a 2010 maturity, in the middle of its 2008-2012 [illegible] thereby establishing a new 15-year benchmark. Analysts [illegible] the auction to [illegible] £3bn and £3.5bn, with a yield on [illegible] stock of around [illegible] per cent.

■ German government bonds eased in quiet trading [illegible] investors retreated to [illegible] sidelines ahead of the Bundesbank's fortnightly council meeting on Thursday. The holiday in [illegible] also dampened activity. The March bund future on Liffe fell 0.12 point [illegible] 100.53 in moderate volume.

Analysts said the [illegible] fall in the D-Mark against the dollar had reduced the chances of a cut in [illegible] interest rates this week. There was [illegible] little evidence of [illegible] slowing in M3 growth. "The Bundesbank has to [illegible] something on which to hang the rate cut," said Mr Richard Reid, chief economist at UBS in Frankfurt.

However, the [illegible] pre-liminary [illegible] of living [illegible] for January later this week could provide the [illegible] with a fresh direction, he [illegible]

■ Italian government bonds gained [illegible] point, bucking the downward trend elsewhere in continental Europe, as the market [illegible] comfort from the fact that Mr Carlo Ciampi will stay on as caretaker prime minister in the run-up [illegible] elections, called for March 27.

Without this, there could [illegible] been a "political vacuum which would have prompted a big sell-off", said Mr Andrew Roberts, a bond analyst at [illegible] in London.

However, he warned the market [illegible] likely [illegible] become more volatile in the run-up to the elections, particularly if some of Italy's more marginal political parties [illegible] to make [illegible] strong showing in opinion polls. Although [illegible] market currently [illegible] the view [illegible] crucial economic reforms are already in place, the economic policies of some of the smaller parties remain unclear.

Mr Roberts is recommending that clients switch from Italy to Spain, although he [illegible] the outlook for Italy remains favourable in the longer term.

■ Japanese government bonds and futures remained weak [illegible] to supply [illegible] in the market following the Trust Fund Bureau's announcement [illegible] it intends [illegible] sell Y900bn of [illegible] 10-year bond holdings [illegible] the next three months.

Fears that the government's [illegible] package might be larger than expected, and that there will [illegible] early easing in [illegible] discount rate, also depressed the market, said Mr Nigel Richardson, head of bond research at Yamaichi International in London.

The yield on the benchmark No 157 bond [illegible] to [illegible] yesterday from 3.16 [illegible] on Friday. Bond analysts noted the yield was below 3 per cent only one [illegible]. The March contract [illegible] at 116.20 in Tokyo, down from 116.90 on Friday, and slipped further to 115.67 in London trading.

Mr David Knee, economist at Daiwa Europe, said there was not a great deal of selling in the cash market, since investors were opting to [illegible] their positions [illegible] than sell their [illegible] holdings.

● US bond markets were closed yesterday.

Survey points to rising investment in Latin America

By Sara Webb

International investors with debt and equity holdings in Latin [illegible] expect [illegible] raise their [illegible] to the region over [illegible] next couple [illegible] years, encouraged by strong economic growth prospects and relatively high yields, according to a [illegible] published yesterday by Euromoney Publications*.

While Mexico, Chile and Argentina [illegible] considered [illegible] the most developed of [illegible] emerging Latin American markets, the smaller markets [illegible] Uruguay, Panama, [illegible] and Bolivia [illegible] expected to [illegible] increasing attention over the [illegible]

Some investors, though, [illegible] concerns [illegible] logistics, noting problems [illegible] execut[illegible] and with diversification. "Overall, investors [illegible] concerned [illegible] the [illegible] execution capacity of Latin American equity mar[illegible] and [illegible] relatively [illegible] price-to-book values/ratios.

"Economic [illegible] political risk, historically [illegible] main [illegible] in Latin America, [illegible] of [illegible] worry than [illegible] liquidity [illegible] adequate diversification," [illegible] report says.

The [illegible] on questionnaires [illegible] more than 110 international investors around [illegible] world, [illegible] on the [illegible] that [illegible] per [illegible] funds under management were invested in Latin America.

Overall, [illegible] participants [illegible] in Latin America in mid-1993, [illegible] expect their total [illegible] 23.97 per [illegible] by mid-1995, representing an [illegible] of 3 per [illegible]

Mexico is likely to maintain its position as the main recipi[illegible] foreign capital. However, its overall share is likely to decline as part of a [illegible] move away from the developed, highly-capitalised mar[illegible] growing, under-capitalised markets such [illegible] Colombia and Brazil.

Currently [illegible] cent of investment in Latin America is in the form of either debt or equity, with [illegible] instruments accounting for [illegible] per cent and equity 42.10 per cent.

Investors expect this emphasis to change, predicting [illegible] equities will be 46.68 per [illegible] of total investment in Latin America, against 39.62 per [illegible]

"This movement [illegible] a reflection of the developments of the [illegible] markets. For, while [illegible] yield spread between Latin [illegible] and US Treasuries [illegible] gradually tightened, return on equity investments has often increased," the report says.

"In addition, with equity widely perceived [illegible] more risky than [illegible] to equities [illegible] seen as [illegible] increased [illegible] in the region's growing eco[illegible] stability."

Investors described Mexico [illegible] attractive Latin American country [illegible] equity investment, [illegible] it high marks [illegible] company quality, research [illegible] liquidity, while [illegible] seen [illegible] the least attractive.

* *Latin American Investment 1994 Research Report by Global Research, the research division of Euromoney Publications. Price $810, available from Euromoney Publications, Nestor [illegible] Playhouse Yard, London EC4V 5EX.*

Malta free port operator seeks to raise $250m

By [illegible] Grima in [illegible]

[illegible] Freeport Corporation (MFC) is [illegible] raise up to $250m in international capital mar[illegible] to finance [illegible] development of [illegible] new container terminal. The financing will be guaranteed by [illegible] Republic [illegible] Malta.

The government and MFC hope [illegible] the debt [illegible] by Moody's and Standard and Poor's, the [illegible] rating agencies. A [illegible] issuer has [illegible] sought [illegible] rating [illegible]

MFC [illegible] engaged [illegible] Trust [illegible] the financing. It hopes [illegible] conclude [illegible] before [illegible] of June.

The new terminal will handle [illegible] containers. This will [illegible] overall capacity [illegible] port zone, situated on the [illegible] south [illegible]

The terminal shipped [illegible] in [illegible] and predicts [illegible] further [illegible] to 400,000 [illegible] year.

Dixons leads slow day with $100m offering

By Conner [illegible]

With [illegible] closed, [illegible] Eurobond market caught [illegible] breath [illegible] record-breaking flood [illegible] supply, and [illegible] only a handful of [illegible] issues.

Dixons Group, [illegible] UK [illegible] electronics and domes-

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tic appliances retailer, [illegible] first UK non-financial corporate borrower [illegible] tap [illegible] Euro sterling sector in months, raising [illegible] of 10-year bonds via [illegible] Montagu.

The bonds, priced [illegible] yield [illegible] points [illegible] gilts [illegible] re-offer price of 99.30, ended [illegible] day [illegible] bid, yielding [illegible] points [illegible] gilts. Most of [illegible] had been pre-placed by [illegible] lead manager last week, ensuring [illegible] issue went smoothly.

The [illegible] floating-rate [illegible] (FRN) [illegible] saw $100m of five-year notes for the Cassa di Risparmio di Verona and [illegible] two-year [illegible] for Commerzbank International.

The [illegible] di Risparmio [illegible] reported [illegible] have met with healthy demand, especially from banks, which [illegible] floating-rate [illegible] to [illegible] their liabilities.

The Commerzbank floater, [illegible] only [illegible] when Libor [illegible] a specific [illegible] place, partly [illegible] borrower [illegible] Commerzbank's Luxembourg subsidiary, one trader said.

Alcatel Alsthom, the French-[illegible] engineering, transport and telecommunications group, issued [illegible] of 10-year bonds via [illegible] Générale.

Despite [illegible] profit warning from [illegible] company's chairman which [illegible] share price [illegible] by 12 [illegible] last week, the [illegible] with [illegible] from [illegible] broad [illegible] of European [illegible]

The bonds [illegible] priced [illegible] yield 38 basis points over the benchmark 10-year OAT, and while the price came off in line with the underlying bond market, the spread remained constant.

Meanwhile, market participants are gearing up for another [illegible] large [illegible] in coming [illegible]

On Friday, Mexico's Banco Nacional [illegible] Comercio [illegible] (Bancomext) [illegible] expected to [illegible] $1bn global bond via Goldman Sachs and Merrill Lynch. [illegible] yield spread [illegible] Treasuries of [illegible] 150-165 [illegible] points. A roadshow for [illegible] issuer will [illegible] London today.

[illegible] expected to launch a $1bn issue of 10-year global bonds via Merrill Lynch, following a series of investor presentations due [illegible] start tomorrow in Hong Kong.

Rumours of [illegible] $1.5bn [illegible] for the Canadian Province of Ontario [illegible] boil, while Lloyds Bank was said to have postponed its planned £300m 25-year sterling bond after the details of the deal had been widely leaked in the market.

Elsewhere, [illegible] Export Credit is [illegible] planning [illegible] Swedish [illegible] global bond, with Merrill Lynch tipped as lead manager [illegible] deal.

NEW INTERNATIONAL BOND ISSUES

Borrower	[illegible] m.	Coupon %	Price	[illegible]	[illegible] %	[illegible] bp	[illegible] runner
US [illegible]							
[illegible] London Bch.‡	100	(a)	99.70R	[illegible]	[illegible]	-	[illegible] International
[illegible] International‡	75	(b)	[illegible]	Feb.1996	0.15R	-	[illegible] Intl.
Juki Corp.*‡	60	(c)	[illegible]	[illegible]	[illegible]	-	[illegible] International
[illegible]							
Frankfurter [illegible]	100	(d)	101.80	[illegible]	[illegible]	-	Trinkaus & Burkhardt
[illegible]							
Dixons Group Treasury	100	7.75	[illegible]	[illegible]	[illegible]	+140(8¾%-04)	Samuel Montagu & Co.
FRENCH FRANCS							
Alcatel Alsthom	2bn	5.75	[illegible]	[illegible]	[illegible]	+38 (8¼%-04)	Société Générale

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch [illegible] supplied by the lead [illegible] *Private placement. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon: 3-mth Libor +0.25%. b) Coupon: 3-mth Libor +1.25%. Interest only accrues on days 3-mth Libor falls within the following ranges: 1st 6-mths 3-4%, 2nd 6 mths 3½-4⅝%, 3rd 6 mths 3¼-5⅜%, 4th 6 mths 3½-6%. c) Coupon: 6-mth Libor +0.3%. d) Coupon: [illegible] fxd annual for 1st 2 yrs, 6-mth Libor flat for next 4 yrs and 7% fxd annual thereafter.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	[illegible]	[illegible]	Day's change	[illegible]	[illegible] ago	Month ago
Australia		[illegible]	[illegible]	[illegible]	-0.030	6.35	[illegible]	6.79
Belgium		[illegible]	03/03	116.4300	[illegible]	6.56	[illegible]	[illegible]
Canada *		7.500	12/03	107.3000	[illegible]	[illegible]	6.61	[illegible]
Denmark		7.000	12/04	106.2000	[illegible]	6.85	[illegible]	6.22
France	[illegible]	8.000	12/98	111.0000	-	5.05	4.96	[illegible]
	OAT	6.750	[illegible]	107.7800	-0.200	[illegible]	5.67	[illegible]
Germany		6.000	09/03	102.7900	+0.090	5.61	5.59	5.76
Italy		9.000	[illegible]	[illegible]	[illegible]	[illegible]	8.65	8.70
Japan	No 119	[illegible]	[illegible]	110.4590	-0.690	2.60	2.38	2.45
	[illegible]	4.500	[illegible]	109.6020	[illegible]	[illegible]	3.00	[illegible]
Netherlands		5.750	01/04	101.0000	-0.100	5.62	5.60	5.71
Spain		10.500	[illegible]	116.3000	-	8.02	8.16	8.34
[illegible]		[illegible]	01/98	113-27	+6/32	5.79	[illegible]	5.83
		6.750	11/04	[illegible]	+8/32	[illegible]	[illegible]	[illegible]
		9.000	10/08	[illegible]	-	[illegible]	[illegible]	6.55
[illegible] Treasury *		5.750	08/03	-	-	-	5.66	5.78
		6.250	[illegible]	-	-	-	6.25	6.27
ECU (French Govt)		6.000	[illegible]	100.3200	-0.100	5.95	5.87	[illegible]

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal *Source: [illegible] International*

BOND FUTURES AND OPTIONS

France

■ [illegible] BOND FUTURES (MATIF)

	Open	Sett price	[illegible]	High	[illegible]	Est. [illegible]	Open int.
Mar	130.84	130.60	-0.08	[illegible]	130.76	[illegible]	[illegible]
Jun	130.36	130.30	-0.08	[illegible]	[illegible]	1,116	11,019
Sep	129.48	129.42	-0.08	[illegible]	[illegible]	24	732

■ [illegible] TERM [illegible] BOND OPTIONS (MATIF)

Strike Price	[illegible] Feb	Mar	Jun	[illegible] Feb	Mar	[illegible]
128	-	-	-	-	-	[illegible]
129	-	-	-	0.02	[illegible]	0.70
130	-	1.12	-	0.08	0.35	-
[illegible]	0.21	0.65	0.90	0.42	0.74	-
132	-	[illegible]	0.56	-	1.38	2.22
133	0.01	-	-	-	-	-

Est. vol. total, Calls 5,276 Puts 12,128. Previous day's open int., Calls 262,865 Puts 323,096.

Germany

■ NOTIONAL [illegible] FUTURES (LIFFE)* [illegible]

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.64	[illegible]	-0.10	[illegible]	[illegible]	[illegible]	[illegible]
Jun	100.56	[illegible]	-0.10	[illegible]	[illegible]	56	[illegible]

■ BUND FUTURES [illegible] (LIFFE) DM250,000 [illegible] of [illegible]

Strike Price	[illegible] Mar	Jun	PUTS Mar	Jun
10050	0.52	0.97	[illegible]	0.96
10100	0.31	0.74	0.76	[illegible]
10150	0.17	0.55	1.12	1.54

Est. vol. total, Calls 6434 Puts 5967. Previous day's open int., Calls 169066 Puts 129368

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND [illegible] 100%

	[illegible]	[illegible]	Change	High	[illegible]	Est. vol	Open int.
Mar	[illegible]	[illegible]	[illegible]	[illegible]	103.18	231	9606

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths [illegible]

	Open	Sett price	[illegible]	High	[illegible]	Est. [illegible]	[illegible] int.
Mar	116.20	[illegible]	[illegible]	[illegible]	[illegible]	26258	82343
Jun	[illegible]	118.17	0.19	118.39	118.33	324	[illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	[illegible]	PUTS Mar	Jun
11800	1.21	2.42	1.14	2.25
11850	0.96	2.18	1.39	2.51
11900	0.75	1.96	1.68	[illegible]

Est. vol. total, Calls 3023 Puts 2610. Previous day's open int., Calls 44862 Puts 47962

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	[illegible]	[illegible]	Change	High	[illegible]	Est. vol.	[illegible] int.
Mar	106.60	106.74	+0.21	[illegible]	106.60	27,208	[illegible]
Jun	105.75	105.71	+0.26	105.75	105.73	122	7,914

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	[illegible]	[illegible]	High	Low	[illegible]	[illegible]
Mar	[illegible]	[illegible]	0-06	118-15	[illegible]	40628	96837
Jun	117-20	117-19	0-06	[illegible]	117-20	74	[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	Jun	PUTS Mar	Jun
[illegible]	1-09	1-48	0-59	2-10
119	0-44	1-20	1-30	[illegible]
120	0-24	0-62	2-10	[illegible]

Est. vol. total, Calls 1956 Puts 3588. Previous day's open int., Calls 89197 Puts 63306

Ecu

■ [illegible] BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	[illegible] vol.	Open int.
Mar	121.62	121.58	-0.06	121.70	121.52	1,799	14,004
Jun	96.76	96.68	-0.40	96.76	96.76	[illegible]	[illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	[illegible]	[illegible]	High	Low	[illegible]	Open int.
Mar	[illegible]	[illegible]	[illegible]	115-17	[illegible]	[illegible]	[illegible]
Jun	114-13	114-07	[illegible]	114-13	114-06	1,856	[illegible]
Sep	-	113-12	-	-	-	1,277	[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) [illegible] of [illegible]

	Open	Close	Change	High	Low	[illegible]	Open int.
Mar	117.10	-	-	[illegible]	[illegible]	2952	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price [illegible] UK [illegible]	[illegible] Jan 17	Day's change [illegible]	Fri [illegible]	Accrued [illegible]	[illegible]		Low coupon yield Jan 17	Jan 14	Yr. ago	Medium coupon yield Jan 17	Jan 14	Yr. ago	High coupon yield Jan 17	Jan 14	Yr. ago
1 Up [illegible] 5 years (25)	129.14	+0.04	129.71	1.65	0.62	5 yrs	5.77	5.79	[illegible]	6.01	[illegible]	7.46	6.12	6.12	7.66
2 5-15 years (22)	161.85	+0.11	161.67	2.76	0.10	15 [illegible]	[illegible]	6.51	8.35	[illegible]	6.63	8.62	6.82	6.82	9.09
3 Over 15 years (8)	187.33	-0.01	187.36	2.48	[illegible]	20 yrs	6.62	6.61	8.63	6.68	6.66	9.03	[illegible]	[illegible]	9.16
4 Irredeemables [illegible]	223.60	-0.03	223.64	1.91	0.00	[illegible]	6.73	6.72	8.97						
5 All stocks (61)	156.30	+0.06	156.43	2.34	0.27										

Index-linked							[illegible] 5% Jan [illegible]	Jan 14	Yr. ago	Inflation 10% Jan 17	Jan 14	Yr. ago
6 Up to 5 years (2)	191.20	[illegible]	191.19	1.47	[illegible]	[illegible] to 5 yrs	2.25	2.25	2.49	1.47	1.46	[illegible]
7 [illegible] 5 years (11)	190.08	+0.14	190.07	0.40	0.57	[illegible] 5 yrs	3.00	3.01	[illegible]	2.84	2.85	[illegible]
[illegible] All stocks (13)	189.24	+0.12	189.26	0.51	0.51							

Debentures and Loans						[illegible] year yield Jan 17	Jan [illegible]	Yr. ago	[illegible] yield Jan [illegible]	[illegible]	Yr. ago	[illegible] year yield Jan 17	Jan 14	Yr. ago
9 Debs & Loans (68)	156.04	+1.50	152.90	2.61	0.26	[illegible]	7.35	8.92	7.65	7.66	9.01	7.76	7.78	10.07

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. [illegible] Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 17	Jan [illegible]	Jan 13	Jan 12	Jan 11	Yr ago	High*	Low*
Govt. Secs. [illegible]	105.75	105.77	[illegible]	[illegible]	[illegible]	93.44	107.60	[illegible]
Fixed Interest	131.64	131.64	131.91	[illegible]	[illegible]	108.75	132.24	[illegible]

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 132.24 (10/1/94), low 50.53 (3/1/75). Base 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 14	Jan 13	Jan [illegible]	Jan 11	Jan 10
Gilt Edged [illegible]	123.6	123.7	105.0	[illegible]	129.3
5-day average	129.2	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:20 pm on January 17

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	101	101¼	-⅛	[illegible]
United Kingdom 7¼ 97	5500	[illegible]	[illegible]		5.11
Volkswagen Intl Fin 7 03	1000	[illegible]	103¼	-⅛	6.62
Alliance Leics 11⅛ 97 £	100	116¼	115⅝	+⅛	8.12
British Gas 12¼ 95 £	300	107½	107¾	+⅛	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sections: U.S. DOLLAR STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS — remaining entries [illegible].

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate [illegible] for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

[illegible]	Yield Int	Red	Price £ + or -	1993/94 High	Low
Shorts" (Lives up to Five Years)					
Treas 8½pc 1994	8.48		100⅞xd	102⅞	100⅞
8pc 2003‡‡	7.17	6.34	111⅝ +⅛	113⅞	97⅞
10pc 2003	8.00	6.48	124⅞ +⅛	127⅞	109⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Further sections: Five to Fifteen Years; Over Fifteen Years; Undated; Index-Linked; Other Fixed Interest — entries [illegible].

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Flotation will provide fresh funds for research and development

Chiroscience set to raise £35m

By Tim Burt

Lydia van der [illegible]

[illegible] Stebbing, deputy chairman (left), [illegible] and Chris [illegible]: confident

Chiroscience, the pharmaceuticals company, yesterday said it would raise £35m from its forthcoming flotation.

More than 80 per cent of the new capital will be used to expand research and development at the Cambridge-based [illegible] which [illegible] expected [illegible] have a market capitalisation of £100m.

Mr Peter Keen, finance director, said the float would allow the company to concentrate on the development of single isomer drugs – its core business strategy. If successful, [illegible] drugs could give Chiroscience a turnover of about $100m [illegible] by the end of the decade, he added.

The company based its esti[illegible] on industry forecasts which suggest demand for single [illegible] products [illegible] account for [illegible] than half of all pharmaceutical output by 2000.

Demand [illegible] expected [illegible] increase because, [illegible] most organic drugs currently [illegible] the market, [illegible] drugs [illegible] not [illegible] pairs of isomers – molecular compounds which have [illegible] structures but which [illegible] produce different [illegible].

Ensuring patients [illegible] only [illegible] isomer they [illegible] from drugs [illegible] vital. [illegible] isomer [illegible] thalidomide, for example, [illegible] morning sickness; the other [illegible] cause [illegible] mity.

Mr [illegible] Evans, [illegible] scien[illegible] [illegible] Chiroscience, said: "Our programme is to get [illegible] isomers [illegible] don't fit in."

To that end the company has pursued [illegible] manufacturing single isomer compounds for companies such [illegible] Glaxo, Wellcome [illegible] Abbott; developing single iso[illegible] of existing drugs; [illegible] producing [illegible] pharma[illegible] products [illegible] its [illegible] arm.

Mr Keen said supply [illegible] with large manufactur[illegible] would [illegible] by [illegible]. However, [illegible] does not expect to [illegible] a profit [illegible].

In the [illegible] months to August 1993, [illegible] incurred a pre-tax [illegible] of £1.37m, although its manufacturing business generated [illegible] £1.34m.

In spite of the losses, Mr [illegible] said [illegible] confident [illegible] the [illegible] per cent public [illegible] would [illegible].

Terms [illegible] placing [illegible] offer for sale are [illegible] announced [illegible] January 27.

Improving trend at Thorntons

[illegible] in Thorntons rose 11p to 193p yesterday as the chocolate maker and retailer reported improved sales for the 28 [illegible] to January 8 1994.

Total UK retail sales, including franchise, increased by 9.1 per [illegible] £42.9m over the period while, on a like-for-like basis, [illegible] in the group's own UK shops improved by [illegible] per [illegible].

[illegible] the four [illegible] prior to Christmas they showed [illegible] per cent [illegible] over [illegible] comparable period.

Commercial [illegible] for the 28 weeks were [illegible] £11.4m.

In France, however, where the Thorntons [illegible] have undergone a restructuring following [illegible] period of accumulating losses, the directors said that [illegible] slightly lower at [illegible].

Chartwell cuts loss

Chartwell Group, the carpet [illegible] and cubicle manufacturer, reported pre-tax losses of £51,000 for [illegible] months [illegible] September 30.

The outcome, struck on turnover of [illegible] (£3.11m), compared with £137,000 last time. [illegible] per share [illegible] from 1.5p [illegible] 0.6p.

Court Cavendish ahead despite interest hedge

By Catherine Milton

Court Cavendish, the nursing home operator which [illegible] one of [illegible] handful [illegible] companies [illegible] disappoint the market in initial trading when it floated [illegible] reported pre-tax profits ahead from £86,000 to £450,000 for the six months to October 31, in spite of a £600,000 exceptional charge for an interest hedge.

[illegible] July, the [illegible] failed [illegible] hold their [illegible] price of [illegible] and fell to 207p by the close of first day dealings.

Yesterday, the shares rose 1p on [illegible] at 251p.

The board declared [illegible] interim dividend of 1.35p, [illegible]able from earnings after exceptionals [illegible] 2.34p (1.79p).

Turnover [illegible] continuing activities [illegible] £7.17m (£6.87m). Acquisitions contributed £287,000.

[illegible] interest charges fell to [illegible] (£1.38m) as borrowings of £24.7m [illegible] paid down with flotation proceeds of [illegible]. [illegible] and deposits were £11.5m [illegible] at the half-way [illegible].

The [illegible] aiming [illegible] reach 3,000 [illegible] rate [illegible] 500 [illegible] year for the [illegible] to five [illegible] spending between £12m and £15m a year. Initial expansion will be funded by the flotation proceeds and debt.

● COMMENT

In [illegible] rising market, [illegible] trading above the [illegible] price, reflecting [illegible] company's success in mollifying institutions. Concerns, not [illegible] about the quality [illegible] the management, have been soothed by [illegible] about acquisition policy and trips around the homes. Analysts have been encouraged by the 17 per [illegible] return [illegible] on £11.6m [illegible] purchased since the float. The return should [illegible] up when the [illegible] turns to [illegible] finance in the next two [illegible] or so. The [illegible] going [illegible] shareholders [illegible] more equity finance [illegible] long-term option. The [illegible] of £3.1m for the full year gives a rating [illegible]. This [illegible] high in [illegible] sub-sector rated [illegible] 20.8 and populated by companies with better track records.

Modest rise at Aerospace Eng

Aerospace Engineering, the precision product [illegible] and electronics industries, [illegible] pre-tax profits [illegible] for [illegible] six months [illegible] 31.

Turnover [illegible] continuing operations and [illegible] £7.72m against [illegible] which [illegible] in [illegible] from discontinued operations.

Operating profits [illegible] the half [illegible] were substantially lower at £313,000, against [illegible]. The pre-tax figure [illegible] helped by [illegible] profit on [illegible] property disposal and lower [illegible] compared with [illegible]. Comparatives have been adjusted in accordance with [illegible].

Earnings per share [illegible] 0.12p (0.19p) while [illegible] interim dividend [illegible] maintained at 0.25p.

Mr John Davis, chairman, [illegible] the [illegible] of recovery [illegible] slower [illegible] and "consequently [illegible] year continues [illegible] difficult".

[illegible] pointed out that [illegible] performance in [illegible] sector had [illegible] mixed, [illegible] within [illegible] division, sales [illegible] microwave [illegible] conventional circuit boards continued [illegible] strongly influenced by [illegible] European [illegible] market for digital cellular phones.

Butte Mining puts value on litigation claims

By Kenneth Gooding, Mining Correspondent

Butte Mining, the UK-quoted company whose main activity is prosecuting US lawsuits – it [illegible] seeking damages from former managers and promoters – [illegible] that, if [illegible] with [illegible] maximum [illegible] for nearly $1bn (£600m), this would be worth 129p a share.

Yesterday Butte shares, which languished at [illegible] at the beginning [illegible] 1994, [illegible] up ¾p to 4¾p.

In [illegible] annual report, [illegible] Lloyd-Jacob, [illegible] of how much [illegible] litigation [illegible] bring shareholders – [illegible] complex because [illegible] have first call on some of the proceeds.

[illegible] example, Deutsch [illegible] Frey, its US contingent-fee attorney, [illegible] entitled [illegible] one [illegible] the gross proceeds from the litigation while the management team is entitled to a further 5.25 per cent, but of that 4.5 per cent would be paid only on proceeds above £15m.

Mr Lloyd-Jacob suggests that, assuming [illegible] number [illegible] remains at 287m and [illegible] exchange [illegible] is $1.5 to the £, an award of $100m would be worth 12p a share; one of $200m would be worth 25p [illegible] share; one of $300m, 38p; $400m, [illegible] $500m, 64p; $600m, 77p; $700m, 90p; $800m, 103p; and $900m, 116p.

The US lawsuits are expected to come to trial within two years, [illegible] Mr Lloyd-Jacob, and the [illegible] significant awards [illegible].

Mr Lloyd-Jacob says [illegible] in 1993 executives deferred their salaries and "sometimes paid [Butte's] bills themselves. He was paid only £12,500 of his [illegible] entitlement.

Soundtracs shares up as new products show

Shares in Soundtracs rose 7p to 80p yesterday after the USM-traded professional electronic [illegible] equipment and loudspeaker group announced a 76 per cent jump in annual pre-tax profits as it benefited from the introduction of new products.

Mr Todd Wells, chairman, [illegible] the increase – [illegible] to £615,587 – was [illegible] despite [illegible] market remaining "highly competitive, fragmented and difficult in such key territories [illegible] Japan and central Europe".

Research and development expenditure, written off as it incurs, now accounts for some 6.7 [illegible] of revenue.

[illegible] new mixing [illegible] scheduled [illegible] the [illegible] year.

Turnover [illegible] 12 [illegible] November 6 improved 34 per cent to £5.51m (£4.11m).

Earnings per share emerged at 4.09p (2.45p) and a proposed final dividend of 1.48p brings the total for the year to 2.4p (2.2p).

Northern Industrial downturn

Pre-tax profits of Northern Industrial Improvement Trust, the investment and property company, fell from £224,800 to £220,200 in the six months to end-September.

Income amounted to £245,200 against [illegible] previous £251,800 and earnings per share worked through [illegible] 13.04p (13.18p).

The directors anticipate [illegible] interim [illegible] similar to last year's 9p.

Existing businesses decline but Arthur Lee buy exceeds forecasts

Carclo advances to £5.19m

By Simon Davies

Carclo Engineering Group yesterday announced a 41 [illegible] cent increase in interim pre-tax profit, reflecting a better than expected performance from Arthur Lee, the engineering group it acquired in June 1993.

Mr John Ewart, chairman, [illegible] that order [illegible] sig-nificantly fuller than last year, although margins remained under pressure in its [illegible] card clothing division.

Turnover for [illegible] six months [illegible] September 30 advanced to [illegible] (£40.7m) with a contribution of [illegible] from Arthur Lee. Pre-tax profits amounted [illegible] (£3.66m).

Earnings [illegible] share increased by 0.6p [illegible] 6.9p and [illegible] interim dividend of 1.9p (1.8p) is declared.

Arthur Lee's operating profit during the period more than doubled [illegible] (£1.35m), of which £1.47m related [illegible] the period before acquisition, leaving a contribution of £1.87m [illegible] operating profits.

Mr Ewart [illegible] result [illegible] "better than any pre-acquisition forecasts".

This contrasted with [illegible] performance of the existing businesses. The card clothing division suffered a 12 per [illegible] drop in operating profit to £1.35m (£1.53m), primarily due to the economic downturn in continental Europe, where it oper-[illegible] three [illegible].

General engineering contributed a lower [illegible] (£1.16m); wire division profits, however, increased to [illegible] (£754,000). The [illegible] division improved to £390,000 [illegible].

Bruntons, the wire manufacturing subsidiary which is being reorganised following [illegible] merger with Arthur Lee, has picked up contracts worth more [illegible] £4m for the Tsing [illegible] bridge linking Hong Kong with its new airport.

Carclo [illegible] announced it had [illegible] its [illegible] per cent [illegible] in Bombay-listed Indian Card Clothing for £1.2m.

■ **COMMENT**

The [illegible] with Arthur Lee [illegible] proven well-timed, as it has coincided with stagnant earnings from the [illegible] businesses. By comparison, Lee had a strong performance in all three divisions, particularly Lee [illegible] Strip, [illegible] helped steel profits jump from [illegible] to £2.15m. There [illegible] more to come, as [illegible] synergies [illegible] benefits from the acquisition [illegible] have yet to come through into [illegible] earnings. The companies are merging head offices and restructuring [illegible] manufacturing divisions. Lee will remain [illegible] engine for growth for the current year, but in [illegible] the core Carclo businesses should benefit from an estimated £7m in capital expenditure during the current financial year. Full-year profits [illegible] likely [illegible] top £12m, for a prospective p/e of 19. [illegible] suggests that the [illegible] of the current earnings upswing [illegible] written into [illegible] share price.

Ratners shareholder wins damages

By Martin [illegible] in New [illegible] and [illegible] Urry in London

A US arbitration panel [illegible] ordered underwriter [illegible] First [illegible] to pay $37,500 (£25,100) [illegible] American fund which invested in preferred stock of Ratners, the British jewellery group [illegible] known [illegible] Signet, [illegible] long before Ratners' credit rating [illegible] downgraded.

It [illegible] the first case to be [illegible] several pending against [illegible] First Boston and fellow underwriter Goldman Sachs [illegible] an [illegible] of Ratners auction [illegible] preferred [illegible] in 1991. There [illegible] also [illegible] against Signet itself.

The fund, [illegible] Realty Trust, bought $200,000 of the Ratners issue and [illegible] sought damages of [illegible], claiming First Boston had misrepresented the shares as a "safe and [illegible] investment with a very decent yield."

A panel from [illegible] National Association [illegible] Securities Dealers [illegible] no [illegible] in making the award. It rejected CMB's request [illegible] CS First Boston [illegible] the trade [illegible] return [illegible] money.

Signet [illegible] rose 1p [illegible] 33½p yesterday.

The suit against Signet from Glamorgan Coal, a [illegible] investor, is not expected to [illegible] in court for some time. In [illegible] accounts Signet [illegible] it [illegible] not consider that the claim would have a "significant effect" on the company's finances. Yesterday Signet [illegible] position had [illegible] changed [illegible] published.

Signet [illegible] two tranches of auction market preferred shares in the US, the second in 1991, totalling $250m. Regular auctions of [illegible] shares [illegible] and they [illegible] redeemable only at the company's option.

When [illegible] group's financial [illegible] deepened, [illegible] credit rating on [illegible] shares dropped [illegible] auctions failed, meaning [illegible] a fall-back [illegible] interest [illegible] on [illegible] of [illegible] total. This is updated every four weeks, [illegible] is [illegible] at 250 per cent of a benchmark US [illegible] mercial [illegible] rate.

Signet stopped paying the interest [illegible] in January [illegible]. This [illegible] been [illegible] since and [illegible] totals [illegible].

Signet cannot pay dividends on [illegible] ordinary shares [illegible] the interest [illegible] the preference shares has been paid. [illegible] there [illegible] a loss on distributable reserves of [illegible]. A capital restructuring [illegible] expected to address [illegible] losses.

Mr James McAdam [illegible] last July that before a capital restructuring could [illegible] considered, [illegible] to "get [illegible] trading line right". [illegible] week it published sales figures [illegible] ering the crucial Christmas period, which Mr McAdam said indicated a return to profits was likely in the financial year ending this month.

Amersham speeds up US acquisition

[illegible] Tim Burt

Amersham International, the UK health science group, announced yesterday it [illegible] speeding up its acquisition of United [illegible] Biochemical, the privately-owned supplier of pharmaceutical and biotechnol-[illegible] reagents.

[illegible] March Amersham paid $52m (£35m) for the Cleveland-based company and agreed to [illegible] a further $17.25m over three years, depending [illegible] of USB products.

Since then the UK group has realised that it could make considerable cost savings by integrating USB's North American business with its own life science operations.

Mr Kirk Stephenson, finance director, *said yesterday: "We have decided to streamline our North American operations. The tidying up* [illegible] *done* [illegible] *rather than later."*

Amersham staff in Chicago will oversee a combined sales, orders and distribution department for the two companies, while USB's existing manufacturing and research workforce [illegible] to remain with [illegible] subsidiary.

Rather than pay $17.25m over three years, the company said it would satisfy the deferred instalments with an *immediate $10m fixed payment.*

The transaction involves a $5.72m cash payment and the issue of 286,557 Amersham ordinary shares to [illegible] owners.

As part of the deal, which will [illegible] completed tomorrow, [illegible] owners of [illegible] have agreed to retain their Amersham [illegible] until April 1996.

Peel tops £2m with help from port side

By Simon Davies

Peel Holdings, [illegible] property [illegible], yesterday reported a [illegible] in pre-tax profits from £1.64m [illegible] £2.21m [illegible] the six months [illegible] September 30.

[illegible] Whitaker, chairman, [illegible] the property leasing market remained extremely competitive [illegible] the company [illegible] only marginally increasing property development activities, despite more favourable [illegible] conditions.

[illegible] (£32.2m) [illegible] by [illegible] from [illegible] disposals [illegible] rental income [illegible] £20.1m.

In [illegible] second [illegible] of [illegible] year [illegible] will [illegible] an [illegible] as a [illegible] of the expiry of [illegible] agreements [illegible] from upward [illegible] reviews.

[illegible] per [illegible] emerged at 0.61p (0.95p) [illegible] is lifted to 1.3p (1p) reflecting expectations of a stronger second half.

[illegible] Ship Canal's port operations contributed £2.5m [illegible] operating level. [illegible] operations are seasonable [illegible] should record a higher [illegible] in the second half.

Analysts also expect an improved performance from Peel's core property business.

[illegible] company [illegible] year won a six year [illegible] to buy [illegible] minority shareholders of [illegible] chester Ship Canal in order to [illegible] some of the redevelopment value of the company's substantial [illegible] bank.

Peel is proposing [illegible] construction of a commercial centre on a 300-acre site [illegible] canal, [illegible] planning permission [illegible] being [illegible] by eight [illegible] authorities, [illegible] are appealing a [illegible] ruling allowing the project [illegible] go ahead.

In [illegible] meantime, Peel's [illegible] levels remain high with net [illegible] *marginally increasing* [illegible] 1993 figure of £336m.

Net interest of £17.5m (£19.4m) was payable at the [illegible] stage, compared with operating profit of £19.8m (£21.1m).

Albert Fisher makes $25m fresh produce purchase

By Andrew Bolger

Albert Fisher, [illegible] food processing and distribution [illegible], [illegible] paying up [illegible] (£17m) for certain assets [illegible] Fresh Western Marketing, a Californian supplier of fresh produce.

Fresh Western operates under [illegible] Ranch brand. Through relationships with growers [illegible] joint ventures it [illegible] and [illegible] a variety [illegible] produce to the retail [illegible] service distrib-[illegible] the US.

Albert Fisher [illegible] that [illegible] as being a leading supplier [illegible] mixes, [illegible] brought [illegible] the group [illegible] technology for extending produce shelf life.

This used a two-way breathable membrane to control the flow of oxygen and carbon dioxide into and [illegible] of the [illegible] package, thereby considerably extending [illegible] of certain [illegible] of fresh produce [illegible] well as other [illegible] products and flowers.

Albert [illegible] said the acquisition was expected to enhance earnings [illegible] year. The initial [illegible] payment will be [illegible] $7.5m, [illegible] book [illegible] of [illegible] net assets acquired. The profit-related deferred consid-[illegible] payable in cash [illegible] maximum $25m.

Fresh Western's [illegible] in 1993 [illegible] about $200m, of which about 25 per cent [illegible] exported, principally to east Asia, for an estimated pre-tax profit of $4.5m.

Mr Stephen Walls, chairman of Albert Fisher, said: "The addition of Fresh Western's technology, markets, produce expertise and grower connections represents [illegible] important extension [illegible] our [illegible] the fast-growing prepared [illegible] markets for retail and food service [illegible].

"The operations complement the Albert Fisher North American distribution [illegible] processing companies in produce [illegible], procurement, services and markets."

Beverley holders approve deals to eliminate debt

By Peggy Hollinger and [illegible]

Shareholders in Beverley Group, the engineering [illegible] cern, yesterday approved [illegible] of a group of properties and businesses [illegible] a vehicle controlled by [illegible] company's [illegible] directors.

The company, which says the transactions, including the sale of a [illegible] subsidiary for £1, are designed [illegible] debt, [illegible] on an acquisition programme. The first purchase [illegible] likely [illegible] be announced by [illegible] of March.

Mr Colin Robinson, chairman, [illegible] Beverley [illegible] now in a [illegible] cash position. It would [illegible] through an acquisition, which would [illegible] through [illegible] form of equity capital raising.

About [illegible] private shareholders attended [illegible] extraordinary meeting in [illegible] to vote on the proposals. These [illegible] for the sale of Gail Thomson Marine, the group's [illegible] profitable subsidiary, *to Villiers, an* independent USM-quoted company, for £4m.

Colin Robinson (left) [illegible] director Anthony Canning-Jones: Beverley [illegible] in a net [illegible] position and seeking [illegible]

The second resolution proposed the sale of [illegible] subsidiaries for £1 each [illegible] Woodlands Grange Engineering, the executive directors' privately owned company. One of the companies being sold [illegible] left with £237,000 in cash, the [illegible] which Beverley said it would cost to make the business's employees redundant. [illegible] £312,000 owed by the second company [illegible] the quoted parent was written off [illegible] bank borrowings of £359,000 repaid.

All the shareholders present voted in favour, although some proxy votes [illegible] been [illegible] against [illegible] to executive directors. Mr [illegible] had [illegible] no [illegible] poll, [illegible] proxies [illegible] counted. [illegible] executive directors involved in the transactions did not vote.

One institutional investor said that although there had been initial concerns over the transactions [illegible] the benefits had [illegible] the hit that [illegible] shareholders [illegible] have had to take if they had [illegible] gone through".

Pilkington chief makes £60,000 in option deal

By Maggie Urry

Sir Antony Pilkington, [illegible] Pilkington glass [illegible] has exercised options [illegible] sold the shares, taking a profit of nearly £60,000 before expenses.

Sir Antony bought [illegible] shares [illegible] Friday by exercising options at 133¾p. He [illegible] the same number of shares [illegible] same day at 185½p, giving a gross profit of [illegible].

[illegible] deal leaves [illegible] holding of [illegible] held beneficially [illegible] less [illegible] 1m, representing 0.1 [illegible] cent of [illegible] total shares in issue. He [illegible] also [illegible] as a non-beneficial owner of shares [illegible] in trusts.

Edge Retail sells

Edge Retail Investment, 29.3 [illegible] cent-owned by TR Property Investment Trust, [illegible] completed [illegible] disposal [illegible] its last remaining asset.

The 150,000 [illegible] house in [illegible] acquired by Pillar Property [illegible] £12.8m.

Pittencrieff splits activities

By Peggy Hollinger

Pittencrieff yesterday announced plans to split its oil and gas interests from the rapidly growing mobile communications operation [illegible] in the US.

The company [illegible] to [illegible] shareholders the choice to vote for a simple demerger with a [illegible] alternative, [illegible] to allow the mobile communications subsidiary to buy [illegible] parent's [illegible] interest in it.

The quoted company in [illegible] UK will then be liquidated, which will protect [illegible] company from capital gains tax arising [illegible] the transactions. The oil and gas division will be relisted under a [illegible].

Pittencrieff last year [illegible] 46 [illegible] cent of [illegible] Communications, earning [illegible] (£46m) net of [illegible].

Mr Terry Heneghan, [illegible] and [illegible] oil and gas division had [illegible] inhibiting the "frantic pace" of growth in the communications business, [illegible] vice [illegible]. "Neither could issue [illegible] while they [illegible] linked because the value of each of [illegible] two parts was more than that of [illegible] whole".

[illegible] Heneghan said Pittencrieff hoped to return to the [illegible] with an acquisition. It is also likely [illegible] it will [illegible] to raise funds through a placing or [illegible] issue.

The [illegible] expected [illegible] be completed by March, with the full demerger [illegible] sale completed in the summer.

Baring Emerging allocations

Baring Emerging Europe Trust [illegible] announced the basis of allocation under its offer for subscription [illegible] (67p) per share.

Applications for [illegible] up [illegible] and including [illegible] will receive [illegible] ordinary shares [illegible] *£100 subscribed. Applications* for amounts exceeding £100,000 will receive [illegible] ordinary per £100 subscribed. Warrants will [illegible] additional [illegible] in a [illegible] ratio.

Dealings [illegible] expected to [illegible] on January [illegible].

DIVIDENDS ANNOUNCED

	Current [illegible]	[illegible] payment	Corres-ponding [illegible]	Total for [illegible]	[illegible]
Aerospace Eng ....int	0.25	Apr 1	0.25	-	[illegible]
Carclo Eng ....int	1.9†	[illegible] 10	1.8	-	8.6♥
Colorvision ....int	2.5	[illegible]	2.5	-	[illegible]
Court Cavendish ....int	1.35	[illegible] 28	-	-	-
Dalepak ....int	0.5	Apr 6	1.5	-	6
Peel ....int	1.3	-	1	-	[illegible]
Soundtracs § ....fin	1.48	Apr [illegible]	[illegible]	[illegible]	[illegible]

Dividends shown pence per share net except where otherwise stated. †On [illegible] capital. §USM [illegible]. ♥Includes special.

Scottish fund managers with an eye on expansion

James Buxton examines the differing approaches [redacted] Edinburgh chases the US business hard

Mr Iain Watt is in no doubt [redacted] it. "I'd [redacted] a liar if I said that being [redacted] an [redacted] in marketing ourselves in the US," [redacted] "We capitalise on the respectability of Edinburgh."

Mr [redacted] is chief [redacted] of Edinburgh Fund Managers, the quoted investment management company based in [redacted] Scottish capital. It is [redacted] opening a small office in Atlanta, Georgia, [redacted] the US market for fund management services.

As [redacted] pension funds diversify [redacted] their historical concentration on North American stock exchanges – nearly [redacted] (£33.7bn) of pension fund assets flowed out of the US in the [redacted] half of 1993 [redacted] – British fund [redacted] are winning [redacted] of the international fund management business being generated, because [redacted] their experience in [redacted] markets, especially in [redacted] Asia.

Edinburgh, Britain's main centre of fund management expertise after London, [redacted] chasing the US [redacted] hard. Fund [redacted] such [redacted] Dunedin, [redacted] and Martin Currie [redacted] $1bn [redacted] US pension [redacted] money [redacted] management. [redacted] Scottish fund managers [redacted] decisions [redacted] office, they differ in the way they operate in the US, and in whether or not they play the Scottish card.

EFM currently manages only $200m on behalf of US [redacted] and Mr [redacted] initial approach to the US market was wrong. For six years it [redacted] in [redacted] joint venture with Wilmington Trust, a US fund manager. "The joint [redacted] just confused the clients," [redacted] Mr Watt. Last month it was dissolved.

The company has now learned the lesson absorbed six years [redacted] by Dunedin which, with $1.7bn worth [redacted] US money under management, [redacted] probably by a short head the most [redacted] Scottish fund man[redacted] in the US. "If [redacted] marketing for [redacted] you don't [redacted] yourself justice," [redacted] Mr Alan Kemp, deputy [redacted] executive.

Dunedin, 50 per cent owned by the [redacted] Linen Bank, part of [redacted] of Scotland, now [redacted] an office in Chicago employing five people [redacted] service clients. But presentations [redacted] the pen[redacted] fund consultants who [redacted] fund [redacted] by senior [redacted] fly out from Scotland.

Mr Kemp [redacted] that [redacted] requires long [redacted] progress in the [redacted] management market. "It can [redacted] years for [redacted] consultants to [redacted] with you. But after [redacted] point [redacted] money begins [redacted] flow."

Dunedin, [redacted] says, [redacted] much of [redacted] success [redacted] its investment record in Japanese [redacted] other [redacted] markets, [redacted] where [redacted] places [redacted] of the [redacted] it [redacted] in the [redacted] management [redacted] highly professional and consultants are ruthless [redacted] performance. They really [redacted] you."

Even though a remarkable number of Americans claim some Scottish ancestry [redacted] have an affection for Scotland, Mr Kemp [redacted] Dunedin [redacted] stress its Scottishness. "They're not going to [redacted] you [redacted] fund management [redacted]tract just [redacted] you're [redacted]ing [redacted] kilt."

At Baillie Gifford, Mr Ross Lidstone, marketing director for [redacted] pension funds, [redacted] "I don't think people pick Scottish fund managers because they [redacted] Scottish.

"We sell ourselves [redacted] international [redacted] managers who happen [redacted] be located in Scotland. [redacted] do [redacted] the advantages of being in Edinburgh: I [redacted] as [redacted] (the clients like to [redacted] the same people), and expertise based [redacted] international fund management going [redacted] the 19th century."

Baillie Gifford [redacted] not have [redacted] in the US, doing all its marketing [redacted] visits from Scotland [redacted] inviting the cli[redacted] to Edinburgh. "Americans like to [redacted] the home office of the fund manager [redacted] a wider selection of people in [redacted] firm. They couldn't do that [redacted] an office [redacted] Chicago."

Baillie Gifford took about five years to make [redacted] impact in the [redacted] where [redacted] began operating in [redacted]. But last year alone, however, it gained $500m of new business and took in [redacted] from existing clients, bringing its [redacted] total up [redacted] $1.6bn – [redacted] than a tenth of the company's total funds under management of £10.1bn, or $14.9bn.

At Martin Currie Mr James Dawnay, marketing director, says the company has been rebuilding [redacted] US operations since 1990, having [redacted] there in the 1970s before turning away to the UK pension market.

"We've grown dramatically in the US in the past [redacted] about $1.4bn from there, using [redacted] marketing group in Connecticut [redacted] open doors for [redacted] don't hype up Edinburgh [redacted] but it helps differentiate us from London. What [redacted] is [redacted] ability to [redacted] global equity portfolios with [redacted] towards smaller markets."

Murray Johnstone, [redacted] Glasgow-based fund manager which recently [redacted] Asset Management of [redacted] US, handles its US operations through Murray Johnstone International, with [redacted] office in Chicago. Murray Johnstone International is a smaller participant in the US fund management market than the big three Edinburgh houses, but [redacted] pushed [redacted] management from [redacted] in 1990 [redacted] about [redacted].

Ivory [redacted] Sime, [redacted] quoted Edinburgh fund management house [redacted] now doing better after a [redacted] internal turmoil, [redacted] of US money, half of it from pension funds. It [redacted] a joint venture [redacted] Ivory & Sime International [redacted] Chatham, New Jersey, with a US partner.

Mr George Walker, marketing director, [redacted] Ivory [redacted] the US [redacted] the rapidly changing faces [redacted] managers, but says things have [redacted] in the last [redacted] years. "Americans [redacted] like to see the same face," he acknowledges.

Picturesque Charlotte Square, Edinburgh, where the fund [redacted] regularly [redacted] to make their investment [redacted]

Dalepak hit by frozen food side

By John Murrell

As forewarned in October, Dalepak Foods broke even for its opening six months with profits for the period to end-October working through at just [redacted] the pre-tax level.

The profits setback, down from £1.6m previously, was struck from turnover some 10 per cent lower at £19.19m.

Interest payable [redacted] by £21,000 to £151,000 due to the high level of capital expenditure in [redacted] previous year.

Earnings [redacted] share declined to 0.16p (9.3p) [redacted] the interim dividend is cut by 1p [redacted] 0.5p.

The shares slipped [redacted] 139p.

Mr Michael Abrahams, chairman [redacted] the North Yorkshire-based frozen foods and ready made meals manufacturer, [redacted] the profits downturn on [redacted] main frozen [redacted] business which suffered [redacted] per cent fall in turnover.

Lower selling prices, due to retailer price pressure, accounted [redacted] 4 [redacted] the fall, while curtailment of promotional activity at unprofita[redacted] prices accounted for [redacted] per cent.

He pointed out that sterling's devaluation in 1992 had added 11 per cent to raw material [redacted] which could [redacted] be recovered because of a highly competitive retail food market and weak [redacted] demand.

The frozen foods division ended the half year with a trading loss.

Price increases have been implemented on [redacted] products in the division to recover margins, the [redacted] of product development has been accelerated and [redacted] reduced throughout the business.

Mr Abrahams said these initiatives [redacted] starting to show through, and he anticipated improved results in the second half.

At the period-end gearing stood at 31.7 per cent, [redacted]pared with [redacted] per [redacted] in April. It was expected [redacted] rise "modestly" towards [redacted] of the year.

Triton Energy bids for UK minority

By [redacted] Blackwell

Triton Energy, the independent US oil and gas company, yesterday made an [redacted] equivalent to 37½p for the shares of UK-based Triton Europe that [redacted] already own.

The offer values Triton Europe at £30.9m. Triton Energy already owns 59.47 per [redacted] of the company, which [redacted] down the value [redacted] oil and [redacted] properties by £41m last September.

Triton Europe's main inter[redacted] lies in the Paris basin, which [redacted] been suffering from declining production. It incurred [redacted] for the year to May 31.

The consideration will be satisfied by the issue [redacted] new unlisted 5 [redacted] convertible preferred stock in Triton Energy.

The shares closed yesterday at 33p, up 13p.

The independent directors [redacted] recommending the offer. Mr Bill Smith, [redacted] independent directors, said the company's exploration had proved unsuccessful and there [redacted] liquidity in the shares.

The three largest minority shareholders – Provident Mutual, Legal [redacted] and LL Capital Partners – intend [redacted] vote in favour. The three own [redacted] control 18.3 per [redacted] of [redacted] company, [redacted] just [redacted] 45 per cent of the [redacted] not owned by Triton Energy.

[redacted] can [redacted] elect to receive [redacted] up to a maxi[redacted] of [redacted] each subject [redacted] a maximum cash outlay by Tri[redacted] Energy of [redacted] (£1.3m).

Colorvision in red as market share suffers

Colorvision, the Liverpool-based television [redacted] video retailer, fell into [redacted] £1.26m pre-tax in [redacted] to September 30, against prof[redacted] of £153,000.

Mr [redacted] Michaelson, chairman, said that following his warning that there [redacted] been [redacted] improvement in [redacted] in [redacted] first quarter, trading deteriorated in the [redacted] months, traditionally the quietest time of [redacted] year.

[redacted] added [redacted] market share had [redacted] in core markets. He blamed [redacted] marketing campaigns, concentration of senior management on super[redacted] development and overemphasis on cost savings [redacted] operational management.

The shares [redacted] 17p yesterday [redacted]

However, [redacted] added [redacted] had been taken and with third quarter sales 7.4 per cent ahead of the comparable period, market share and [redacted] margins recovered.

During December the [redacted]pany opened a second superstore in Liverpool. And Mr [redacted] said that since he had last reported two more high [redacted] opened [redacted] concessions had closed.

That took the number of outlets, including the superstores, [redacted] 90.

Turnover for [redacted] first half [redacted] (£26.7m). Losses per share [redacted] out at 4p (0.5p earnings).

However, in view of the improved second half trading [redacted] interim dividend is [redacted] 2.5p and the board expects to be able to maintain the total for the year [redacted] 5.6p.

Vardy buys Swithland sites

Reg Vardy, [redacted] multi-franchise motor retail group, has acquired three sites from KPMG Peat Marwick, the administrative receiver for Swithland Motors, the [redacted] Midlands-based group.

[redacted] – in Woodgate and [redacted] Road, Leicester and Hall Green, Birmingham – [redacted] to be extensively redeveloped before opening [redacted] dealerships in [redacted] spring.

[redacted] Alfa Romeo will [redacted] represented at Hall Green and one of [redacted] Leicester locations, while Vardy may relocate [redacted] Audi Volkswagen dealerships to [redacted] other newly acquired site.

The deal takes Vardy's [redacted]ership total to [redacted] – of which 28 are operational – [redacted] comes [redacted] it acquired [redacted] Toyota/Lexus fran[redacted] in Newcastle upon Tyne.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with [redacted]

	UNITED STATES Exports	Visible [redacted]	Current account balance	Ecu exchange rate	[redacted] exchange rate	JAPAN Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	279.6	−174.2	[redacted]	[redacted]	100.0	230.8	76.0	[redacted]	180.50	100.0
1986	230.9	−140.6	−152.7	[redacted]	80.2	211.1	96.2	[redacted]	165.11	124.4
1987	220.2	−131.8	−145.0	1.1541	70.3	197.3	[redacted]	[redacted]	166.58	[redacted]
1988	272.5	−100.2	−107.6	1.1833	65.0	219.5	[redacted]	66.6	151.51	147.3
1989	330.2	−99.3	[redacted]	1.1017	69.4	245.3	[redacted]	62.4	151.87	141.9
1990	309.0	−79.3	−72.1	1.2745	[redacted]	220.0	50.1	28.3	183.94	126.0
1991	340.5	−53.5	−8.7	[redacted]	[redacted]	247.4	[redacted]	62.9	[redacted]	137.0
1992	345.8	−84.1	−51.2	1.2957	[redacted]	[redacted]	101.8	[redacted]	[redacted]	142.9
4th qtr.1992	[redacted]	−17.4	−18.7	[redacted]	64.2	[redacted]	26.9	24.8	155.67	149.7
1st qtr.1993	85.1	−21.8	−18.7	1.1920	68.4	72.4	29.8	30.2	144.38	158.5
2nd qtr.1993	[redacted]	−25.4	[redacted]	[redacted]	64.3	73.4	29.0	[redacted]	[redacted]	172.4
3rd qtr.1993	[redacted]	−27.4	−24.5	1.1443	65.4	79.8	31.9	28.0	[redacted]	183.7
November 1992	[redacted]	−6.3	n.a.	1.2372	65.1	22.1	9.1	9.3	[redacted]	150.3
December	[redacted]	−5.6	n.a.	1.2391	65.3	21.7	8.8	7.8	153.57	150.7
January 1993	[redacted]	−6.3	n.a.	1.2132	66.4	23.0	8.9	7.4	151.67	151.3
February	31.2	−6.7	n.a.	1.1836	66.7	[redacted]	[redacted]	9.4	142.87	159.2
March	33.0	−8.9	n.a.	1.1789	66.2	[redacted]	10.4	13.6	[redacted]	164.4
April	31.5	−8.3	n.a.	1.2214	64.3	24.6	10.0	9.7	137.17	167.8
May	32.0	−8.9	n.a.	1.2161	63.9	23.5	10.1	8.9	134.15	171.0
June	31.8	−10.2	n.a.	1.1833	64.5	25.4	8.9	7.5	[redacted]	178.2
July	32.7	−9.2	n.a.	1.1349	65.9	26.9	11.5	9.9	[redacted]	181.1
August	33.8	−8.9	n.a.	1.1251	65.7	26.5	9.6	8.5	116.79	188.2
September	33.1	−9.1	n.a.	1.1726	64.7	26.4	10.7	9.8	[redacted]	181.8
October	34.6	−8.0	n.a.	1.1597	65.5	24.7	9.7	9.0	124.03	[redacted]
November				1.1282		[redacted]	9.5	8.1	121.86	

	GERMANY Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	FRANCE Exports	Visible trade [redacted]	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*242.8*	*33.4*	*21.7*	*2.2260*	[redacted]	133.4	−3.6	−0.2	6.7942	100.0
1986	*248.6*	*53.4*	*40.3*	*2.1279*	*108.8*	127.1	0.0	3.0	6.7946	102.8
1987	*254.3*	*56.8*	*39.8*	*2.0710*	*118.3*	128.3	−4.8	−3.7	6.9265	103.0
1988	*272.6*	*61.6*	*42.9*	*2.0739*	*114.6*	141.9	−3.9	−3.4	[redacted]	100.8
1989	*310.2*	*65.3*	*52.3*	*2.0631*	*113.5*	[redacted]	−6.3	−3.8	[redacted]	99.8
1990	323.9	51.8	37.2	2.0537	119.1	170.1	−7.2	−7.2	6.9202	104.8
1991	327.4	11.2	−16.2	2.0480	117.7	175.4	−4.2	−4.9	[redacted]	102.7
1992	330.6	16.9	−19.5	2.0187	121.2	182.5	4.4	2.7	6.8420	106.0
4th qtr.1992	82.2	3.4	−4.1	1.9593	125.0	45.8	1.3	2.2	[redacted]	109.3
1st qtr.1993	78.9	4.5	−4.0	1.9476	125.6	42.9	2.2	1.5	[redacted]	110.0
2nd qtr.1993	75.2	7.4	−2.6	1.9590	124.0	44.0	3.2	3.1	[redacted]	109.7
3rd qtr.1993	76.6	7.0	−9.1	1.9180	123.9	44.2	3.5	4.2	[redacted]	106.4
November 1992	26.8	0.9	−0.3	1.9634	124.0	15.1	0.10	0.27	[redacted]	109.0
December	26.7	0.0	−2.5	1.9581	125.3	15.4	0.93	1.46	6.6783	108.9
January 1993	25.4	1.4	−2.7	1.9592	125.3	13.9	0.53	[redacted]	[redacted]	109.7
February	27.4	1.5	−1.9	1.9437	125.8	14.7	0.78	0.49	[redacted]	110.3
March	24.0	1.6	0.6	1.9399	125.7	14.4	0.98	[redacted]	6.5919	109.9
April	25.5	1.7	−2.4	1.9483	125.5	14.5	0.95	0.40	[redacted]	110.5
May	24.6	2.6	−1.1	1.9548	124.1	15.1	1.60	2.52	6.6636	109.6
June	24.7	2.9	0.5	1.9559	122.6	14.4	0.66	0.13	[redacted]	108.9
July	23.8	2.5	−3.8	1.9463	122.0	14.6	1.56	1.50	6.6299	107.0
August	26.3	1.9	−3.5	1.9081	123.6	14.3	0.43	1.33	6.6761	105.3
September	26.0	2.5	−1.3	1.8696	126.1	16.3	1.49	1.36	[redacted]	107.0
October			−1.8	[redacted]	[redacted]	14.5	1.30		6.6631	106.9
November				1.9182					[redacted]	

	ITALY Exports	[redacted] balance	Current account balance	Ecu exchange rate	Effective exchange rate	UNITED KINGDOM Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	
1985	[redacted]	−16.0	−5.4	1443.0	100.0	[redacted]	−5.7	3.6	0.5690	100.0	1985
1986	99.4	−2.5	−1.4	1461.6	101.4	108.3	−14.2	−1.3	0.6708	91.6	1986
1987	100.7	−7.5	−2.1	[redacted]	101.2	[redacted]	−16.4	−7.1	0.7047	90.1	1987
1988	108.3	−8.9	−8.0	1536.8	[redacted]	[redacted]	−32.3	−25.0	0.6643	95.5	1988
1989	127.8	−11.3	−17.0	1509.2	98.6	137.0	−36.7	−33.4	0.6728	92.6	1989
1990	133.6	−9.3	−18.0	1523.2	100.6	142.3	−26.3	−26.6	0.7150	91.3	1990
1991	137.0	−10.6	−17.1	1531.3	98.9	147.7	−14.7	−10.9	0.7002	91.7	1991
1992	[redacted]	−8.0	−20.6	1591.5	95.7	145.1	−18.2	−11.6	0.7359	88.4	1992
4th qtr.1992	[redacted]	0.0	−3.8	1719.4	87.1	34.6	−5.4	−2.9	0.8015	79.8	4th qtr.1992
1st qtr.1993	32.4	0.7	−2.4	[redacted]	80.6	[redacted]	−3.8	−3.3	0.8017	78.5	1st qtr.1993
2nd qtr.1993	36.7	3.9	[redacted]	1814.2	81.2	37.7	−3.9	−3.0	0.7862	80.2	2nd qtr.1993
3rd qtr.1993				1813.0	79.8	40.4	−3.5	−2.4	0.7605	81.0	3rd qtr.1993
November 1992	[redacted]	−1.2	−2.4	1687.0	88.7	11.5	−1.6	n.a.	0.8100	78.3	1992 November
December	11.6	1.1	−0.4	1747.6	85.6	11.5	−2.4	n.a.	0.7976	80.0	December
January 1993	9.7	0.5	−1.9	1809.3	82.5	12.6	−1.4	n.a.	0.7809	80.6	1993 January
February	11.0	[redacted]	−0.0	1833.6	[redacted]	12.4	−1.3	n.a.	0.8179	76.8	February
March	11.7	−0.0	−0.5	1876.4	78.6	12.6	−1.1	n.a.	0.8061	76.2	March
April	11.8	1.1	[redacted]	1871.4	79.0	12.3	−1.5	n.a.	0.7894	80.5	April
May	[redacted]	1.2	0.9	1793.2	82.2	12.5	−1.2	n.a.	0.7855	80.5	May
June	12.8	1.8	1.1	[redacted]	82.5	12.8	−1.2	n.a.	0.7837	79.6	June
July	14.7	4.4	[redacted]	[redacted]	80.8	13.2	−1.5	n.a.	0.7585	81.3	July
August	7.6	0.8	1.6	[redacted]	79.7	[redacted]	−0.5	n.a.	0.7545	81.0	August
September	12.0	0.9	−1.3	[redacted]	78.9	13.4	−1.4	n.a.	0.7685	80.8	September
October				[redacted]	78.2	13.6	−0.7	n.a.	0.7712	80.4	October
November				1880.7					0.7620		November

Due to the introduction of the Single Market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

COMMODITIES [redacted] AGRICULTURE

Suppliers braced for aluminium output cuts

By Kenneth Gooding, Mining Correspondent

Suppliers of bauxite and alumina, [redacted] main raw materials for aluminium, are bracing themselves to [redacted] the [redacted] market conditions in living memory if talks, starting in Brussels today, for co-ordinate cuts in international aluminium production are [redacted]

Even without more cuts by aluminium producers, western world alumina [redacted] heading for a supply surplus of more than 1m tonnes [redacted] 1994 and next [redacted] compared with demand of about 34m tonnes, [redacted] Mr Tim Armstrong [redacted] the [redacted] International research organisation. "If substantial [aluminium] cuts are agreed, the market for alumina [aluminium oxide] and bauxite [aluminium ore] will be appalling. Prices will go to historically low [redacted] and stay there [redacted] a couple of years."

Trade representatives from Australia, Canada, the European Union, Norway, Russia and the US start [redacted] days of negotiations this [redacted] and hope to [redacted] terms for a reduction in world annual aluminium output [redacted] up [redacted] 2m [redacted] to help bring supply and demand [redacted] balance.

Australia [redacted] by far the big[redacted] producer of aluminium's raw materials, with an annual capacity [redacted] about 42m [redacted] of bauxite and 13m tonnes [redacted] alumina, according [redacted] Billiton-Enthoven Metals, part of the Royal Dutch/Shell group. Other big bauxite suppliers include Guinea in Africa, about 16.3m tonnes; Jamaica, 11m [redacted] and Brazil 10.3m [redacted] Jamaica also features among the foremost alumina producers, with annual capacity of 3.5m tonnes, not far short of the 5m tonnes in North America. *(It requires about two tonnes of bauxite to produce one tonne of alumina and about [redacted] tonnes of alumina to produce one tonne of aluminium).*

Most bauxite and alumina is sold via long-term contracts but the spot market price, which peaked at [redacted] a tonne in 1988, averaged between $180 and $200 [redacted] year and is now down at [redacted]

Mr Armstrong said that CRU's latest report* showed that demand from the Commonwealth of Independent States had helped buoy up *international bauxite and alumina* prices in the past two years at a time when aluminium prices crashed [redacted] all-time lows because of an unexpected [redacted] in exports from the former Soviet Union.

Now [redacted] alumina refiners [redacted] feeling the full impact of aluminium output cuts announced by western producers [redacted] year.

Alumina Costs [redacted] Outlook [redacted] £6,200; CRU [redacted] Pleas[redacted] London WC1X 0AD, UK.

A season of flood, mud and misery

Seeds are perishing and sugar-beets remain unharvested in Britain's sodden fields

FARMER'S VIEWPOINT

By [redacted] Richardson

Apart from a [redacted] snow showers there has [redacted] no precipitation [redacted] any significance in Norfolk for four days, but the lawn [redacted] the [redacted] window of my [redacted] is flooded in several places [redacted] a depth of [redacted] to [redacted] inches. It [redacted] been like [redacted] for at [redacted] six weeks and as I write I can [redacted] pair of [redacted] who have recently adopted the largest puddle as their bathing place [redacted] for [redacted] dip.

Beyond [redacted] garden hedge [redacted] a field of wheat – at [redacted] that [redacted] what [redacted] planted [redacted] the [redacted] November after [redacted] sugar-beet [redacted] been lifted from the already wet land. The [redacted] not go in at all well and by no [redacted] all have so [redacted] germinated. The [redacted] by 30 inches of rain during the six months before planting *(compared with [redacted] long-term* annual average of 23 [redacted] per year) [redacted] I was not very optimistic at the time.

In the [redacted] continu[redacted] rain since [redacted] beginning of December has "puddled" [redacted] surface [redacted] in [redacted] places, such [redacted] inevitable [redacted] wheel [redacted] during cultivations and planting, water has [redacted] lying [redacted] since. [redacted] is highly unlikely that seeds beneath [redacted] mini-floods will have survived. *Moreover*, in a low [redacted] the far [redacted] the [redacted] about half an [redacted] is flooded [redacted] a depth [redacted] several inches. [redacted] tried clearing drains and ditches that might allow the [redacted] run away but [redacted] avail. The [redacted] saturated and [redacted] any more – [redacted] must now [redacted] a [redacted] write [redacted]

At [redacted] of [redacted] farmyard *there [redacted] meadow.* But it [redacted] not [redacted] much [redacted] meadow [redacted] present. In [redacted] there is more mud than grass – the inevitable result of tiny hooves on saturated land together with the wheelings of [redacted] tractor [redacted] deliver [redacted] the lambs to [redacted]

I [redacted] we do [redacted] have outdoor pigs on [redacted] farm. After [redacted] series of mild, dry winters, and attracted by the relative econ[redacted] keeping pigs outside, without expensive buildings, many [redacted] adopted outdoor systems. Some have put pigs on to land that [redacted] frankly unsuitable. Only sandy, free-draining soils [redacted] really appropriate.

But this winter [redacted] illustrating why many [redacted] farmers, myself included, brought our pigs inside, [redacted] inappropriate land, many years [redacted] For [redacted] harder [redacted] land than sheep. Quite apart from their [redacted] of "rooting" [redacted] soil with [redacted] snouts, they carry several times [redacted] much weight [redacted] sheep on [redacted] that [redacted] not much bigger.

When the land is [redacted] wet [redacted] it [redacted] now [redacted] sink [redacted] their bellies. [redacted] they find it difficult to get around at all in *deep [redacted] it [redacted] even [redacted]* when that mud [redacted] into [redacted] landscape as hard and abrasive as petrified volcanic lava.

Furthermore pigs have no woolly [redacted] to keep them warm and dry during [redacted] worst [redacted] winter. I [redacted] sorry for them and for those who [redacted] under such conditions.

[redacted] my greatest immediate worry [redacted] for [redacted] of unharvested sugar-beet. They [redacted] of course, have [redacted] harvested long ago, in line with the recommendation by British Sugar, [redacted] monopoly processor of all UK beet, that roots [redacted] lifted and piled way before Christmas.

That [redacted] what [redacted] usually try to do: but [redacted] a heavy national crop and [redacted] decision of British Sugar [redacted] extend the processing [redacted] in order to [redacted] use of [redacted] factories, meant that [redacted] of our November-lifted roots [redacted] still [redacted] until the end of February. By that time [redacted] them [redacted] rotten [redacted] British Sugar refused [redacted] accept them. [redacted] to [redacted] of [redacted] by [redacted] the [redacted] and [redacted] the rejects at a low price for sheep and cattle [redacted]

[redacted] to say [redacted] to avoid a repeat of [redacted] experi[redacted] when [redacted] same situa[redacted] *appeared [redacted] building up* again – in other words that British Sugar might again extend processing until [redacted] of February [redacted] beyond – we, along with [redacted] great [redacted] other sugar-beet growers, [redacted] the risk of leaving [redacted] lifting until [redacted] year. The reasoning behind [redacted] the beets keep [redacted] lot better in the soil than in a heap.

Unfortunately we reckoned without the rain and at the last count some 5 per [redacted] of [redacted] national sugar-beet crop remained in the ground. In Norfolk, where I farm, the figure was 12 [redacted]

Sugar-beet growers [redacted] now battling [redacted] what they can of the crop in [redacted] full knowledge that they are unlikely to harvest it all. The contractor who [redacted] our beet, for instance, [redacted] week spent two and [redacted] days digging [redacted] machine out of [redacted] bog [redacted] one of our [redacted] – [redacted] bog [redacted] there before.

At [redacted] potential value [redacted] £600 an [redacted] the [redacted] on our farm [redacted] worth £20,000. But [redacted] land [redacted] which they [redacted] growing [redacted] set-aside [redacted] To qualify for [redacted] arable [redacted] payment [redacted] land we should, according to EU regulations, [redacted] cleared the land by January 15. It [redacted] therefore with great relief [redacted] *learned* [redacted] the minister of agriculture, Mrs Gillian Shephard, [redacted] in persuading officials in Brussels [redacted] extend [redacted] deadline to [redacted] end of February.

[redacted] the battle with [redacted] elements is to get as many beets [redacted] possible [redacted] delivered [redacted] processing factories before they are closed, probably during the third week in February, by British Sugar – [redacted] company that gut [redacted] into this mess in the first place.

Indian tea industry believes record crop gathered in 1993

[redacted] Kunal Bose in Calcutta

Industry estimates put India's 1993 [redacted] output at an all-time high of [redacted] 750m kg, [redacted] pared with 703.9m in 1992, when all major [redacted] growing countries suffered major set[redacted]

Aided by favourable weather in every production centre, India, according to the country's [redacted] Board, had harvested a [redacted] of 715m [redacted] by the end of November, up 49m kg [redacted] the corresponding period of the previous year. "Since the weather in December was quite good, the production last month must have [redacted] than 40m kg. Generally, India produces around [redacted] of [redacted] in December," [redacted] Mr H.M. Parekh, chairman of J. Thomas, India's biggest [redacted] broking firm.

[redacted] H.P. Baroosh, chairman of Indian Tea Association, agreed with the production [redacted] the [redacted] Indian [redacted] Tamil Nadu [redacted] Kerala had [redacted] a significant contribution to the improvement in production. [redacted] and West Bengal in the north had recorded handsome gains. "Not only had India produced a record quantity of tea, but there [redacted] had been an improvement in the quality of tea grown in the north Indian gardens. It is time the south Indian [redacted] gave attention [redacted] the quality aspect," said Mr Parekh.

Almost the extra production in 1993 had been in the form of CTC (cut, tear and curl) tea, [redacted] which demand [redacted] growing steadily both within and outside [redacted] country.

Despite the marked improvement in production, said Mr Parekh, the industry realised much better prices [redacted] all [redacted] teas [redacted] year. At the Cal[redacted] auction, CTC [redacted] fetched an [redacted] price of [redacted] (£1.12) a kilogram, up from [redacted] in [redacted] a kilogram, orthodox [redacted] was dearer by Rs12.73. The Darjeeling [redacted] price [redacted] by nearly Rs17 to [redacted] a kilogram.

[redacted] a result, the majority [redacted] companies [redacted] handsome profits during 1993. According to industry officials, the strong rise in domestic demand, particularly for quality [redacted] and the improvement in exports contributed to the rise in auction prices.

"We think, India's tea export last year [redacted] to about 200m kg from 173m kg. This happened [redacted] the Commonwealth [redacted] Independent States stepped up its purchase by 30m kg to 80m kg. But [redacted] Indian tea had been shipped to the UK," said Mr Parekh. While the export of tea to Poland [redacted] been *maintained* at 14.5m kg, shipments [redacted] Egypt and Iran had declined. [redacted] United Arab [redacted] had bought more.

It [redacted] early for [redacted] industry officials to make any forecast for the current year's tea [redacted] plucking in north India [redacted] not [redacted] fully [redacted] gear until March. They [redacted] however, worried that north India had not received any rains since October. "North India [redacted] receive a [redacted] the March [redacted] production to be good," they said.

MARKET REPORT

Base metals prices extend rally

[redacted] prices continued [redacted] week's rally [redacted] the London Metal Exchange yesterday before settling back under pressure from profit-taking.

As speculative activity remained predominant [redacted] months [redacted] price hit a four-month high [redacted] a tonne [redacted] point [redacted] $1,845, still up [redacted] from Friday's kerb close.

In the ALUMINIUM market traders jockeyed for position ahead of today's crucial multilateral [redacted] in Brussels [redacted] curbing [redacted] present glut. The three months price hit [redacted] 5½-month high of $1,231 [redacted] circulated that other producers might follow [redacted] output cut announced by Alcan of [redacted] last Thursday. [redacted] the price sagged to end the kerb session at $1,215.50 [redacted] tonne, up [redacted] from Friday.

Among [redacted] other metals NICKEL prices hit 8½-month [redacted] but failed [redacted] $6,000 [redacted] tonne [redacted] the LEAD market proved unable [redacted] extend [redacted] gains beyond the 14½-month highs [redacted] in [redacted] morning. ZINC [redacted] bout [redacted] profit-taking [redacted] finish $8 up [redacted] $1,033 [redacted] tonne in [redacted] months position.

[redacted] London bullion [redacted] SILVER continued [redacted] the [redacted] with [redacted] early [redacted] 5-month high of [redacted] troy [redacted] It edged back [redacted] cents up on [redacted] cents.

London's cocoa [redacted] coffee futures markets both [redacted] day quietly firm, but [redacted] said the limited [redacted] prices remained within existing ranges. At [redacted] London Commodity Exchange the May COCOA position [redacted] tonne, up £7, [redacted] March COFFEE gained $10 [redacted] 1,199 a tonne.

Traders said continuing con[redacted] Ivory [redacted] ship[redacted] was underpinning [redacted] market but [redacted] that the marketing [redacted] and shippers [redacted] expected [redacted] this week [redacted] problems resulting from [redacted] devaluation of [redacted] franc.

[redacted] lacked any real momentum, traders said, and light Far East producer selling was again capping the March price at around $1,200 a tonne, [redacted] end [redacted] its recent [redacted] "I can't see [redacted] breaking through just yet," one said.

Compiled from Reuters

COMMODITIES [redacted]

BASE METALS

LONDON METAL EXCHANGE

(Prices from [redacted] Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	[redacted] mths
Close	[redacted]	[redacted]
Previous	1188-9	1205.5-6
High/low	1200.5/1200	1232/1210
AM Official	1200-0.5	1219-9.5
Kerb close		1214.5-5
Open int.	279,088	
Total daily turnover	93,714	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1011-3	1036-8
Previous	1007-9	1031-3
High/low	1014	1063/1040
[redacted]	1014-5	1039-40
Kerb close		1035-40
Open int.	2,733	
Total daily turnover	693	

■ LEAD ($ per tonne)

Close	496.5-7.5	509-10
Previous	496-7	508-9
High/low	499.5	520/508
AM Official	499.5-500	512-3
Kerb close		510-1
Open int.	33,022	
Total daily [redacted]	10,245	

■ [redacted] ($ per tonne)

Close	5770-5	5835-40
Previous	[redacted]	5755-60
High/low		5870/5770
AM Official	5819-21	5880-5
Kerb close		5800-10
Open int.	34,262	
Total daily turnover	12,972	

■ TIN ($ per tonne)

Close	5040-50	5095-100
Previous	4965-75	5020-5
High/low		5170/5090
[redacted] Official	5070-5	5120-5
Kerb close		5070-80
Open int	16,839	
Total daily turnover	5,420	

■ ZINC, special high grade ($ per tonne)

Close	1014.5-5.5	1034-5
Previous	1004-5	1023-4
High/low		1035.5/1028
[redacted]	[redacted]	[redacted]
Kerb close		1032-3
Open int.	101,931	
[redacted] daily turnover	16,687	

■ [redacted] grade [redacted] ($ per tonne)

Close	1830-1	1852-3
Previous	1806.5-7.5	1827-8
High/low		[redacted]
[redacted]	1835-5.5	1856-7
Kerb [redacted]		1844-5
Open int.	268,767	
Total daily turnover	110,391	

■ LME AM Official £/$ rate: 1.4932
LME Closing £/$ rate: 1.4922

[redacted] 3 mths 1.4842 [redacted] 9 mths 1.4735

■ HIGH GRADE [redacted] (COMEX)

	[redacted]	Day's [redacted]	High	low	Open [redacted]	[redacted]
Jan	[redacted]	+0.30	85.00	[redacted]	[redacted]	[redacted]
Feb	84.90	[redacted]	[redacted]	[redacted]	1,271	72
Mar	85.00	+0.50	[redacted]	84.70	39,225	[redacted]
Apr	[redacted]	+0.50	-	-	733	[redacted]
May	[redacted]	+0.45	[redacted]	84.70	[redacted]	1,912
Jun	[redacted]	+0.40	-	-	851	[redacted]
Total					86,055	13,023

PRECIOUS METALS

■ LONDON BULLION [redacted]
[redacted] supplied [redacted]

[redacted] (Troy oz.)	$ price	[redacted] equiv.
Close	392.30-392.70	
Opening	392.80-393.20	
Morning fix	[redacted]	262.837
Afternoon fix	392.30	262.989
Day's High	393.00-393.40	
Day's Low	[redacted]	
[redacted]	389.80-390.20	

Loco Ldn [redacted] Gold Lending Rates (Vs US$)

1 month	2.72	6 months	2.75
2 months	2.72	12 months	2.80
3 months	2.72		

[redacted]	p/troy oz.	[redacted] cts equiv.
Spot	357.80	543.35
3 [redacted]	362.25	538.15
[redacted] months	366.75	542.55
1 [redacted]	375.35	582.25

Gold Coins	$ price	£ equiv.
Krugerrand	393-396	264-267
[redacted]	403.65-406.15	-
New Sovereign	91-94	61-64

Precious [redacted] continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	[redacted] price	[redacted] change	[redacted]	[redacted]	Open int	[redacted]
[redacted]	391.8	+2.1	-	-	-	-
Feb	392.2	+2.1	393.9	392.1	[redacted]	[redacted]
[redacted]	393.1	+2.1	[redacted]	394.0	15	6
Apr	394.3	+2.1	396.0	394.3	26,140	10,117
[redacted]	396.1	+2.1	397.9	396.2	24,012	[redacted]
Aug	398.1	+2.1	399.5	[redacted]	[redacted]	129
Total					159,277	43,312

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jan	395.5	+5.7	-	-	85	1
[redacted]	396.5	+4.7	[redacted]	395.1	16,177	[redacted]
Jul	398.0	+4.7	399.0	397.0	2,488	114
Oct	399.5	+4.7	-	-	374	[redacted]
Jan	400.9	+4.7	-	-	[redacted]	[redacted]
Total					[redacted]	[redacted]

■ [redacted] (100 Troy oz.; $/troy oz.)

Mar	126.00	+1.65	[redacted]	[redacted]	3,146	[redacted]
Jun	126.65	+1.65	[redacted]	[redacted]	1,171	89
Sep	125.40	+1.65	-	-	[redacted]	27
Dec	124.90	+1.65	-	-	74	2
Total					4,809	242

■ [redacted] COMEX (100 Troy oz.; Cents/troy oz.)

Jan	[redacted]	[redacted]	531.0	529.0	1	-
[redacted]	531.8	+8.7	-	-	5	5
[redacted]	533.2	+8.7	536.0	531.0	71,168	12,356
May	536.6	+8.7	[redacted]	534.0	13,377	909
Jul	539.8	+8.7	[redacted]	[redacted]	[redacted]	294
Sep	543.1	+8.7	545.0	544.0	2,631	[redacted]
Total					109,696	[redacted]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	[redacted]	[redacted]	High	[redacted]	Open int	[redacted]
Feb	15.17	[redacted]	[redacted]	14.78	84,589	[redacted]
Mar	[redacted]	[redacted]	[redacted]	[redacted]	104,413	[redacted]
Apr	15.45	+0.31	[redacted]	[redacted]	[redacted]	13,752
May	15.63	+0.31	15.[redacted]	15.57	28,942	[redacted]
Jun	15.77	+0.33	15.[redacted]	15.75	40,038	[redacted]
Jul	[redacted]	[redacted]	16.00	[redacted]	17,134	[redacted]
Total					443,141	18,338

■ CRUDE OIL IPE [redacted]

	[redacted]	[redacted]	High	Low	Open int	Vol
[redacted]	14.14	+0.41	[redacted]	[redacted]	22,563	[redacted]
Apr	14.18	+0.37	[redacted]	1414	[redacted]	[redacted]
May	[redacted]	[redacted]	1443	1426	25,777	1,327
Jun	14.51	[redacted]	[redacted]	[redacted]	10,854	1,132
Jul	14.60	+0.13	1474	[redacted]	7,862	[redacted]
Aug	[redacted]	+0.09	[redacted]	[redacted]	[redacted]	[redacted]
Total					141,748	[redacted]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	[redacted]	Open int	Vol
Feb	53.45	+2.19	53.70	[redacted]	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Apr	46.70	[redacted]	[redacted]	[redacted]	28,150	11,214
May	[redacted]	+0.70	[redacted]	[redacted]	29,072	[redacted]
Jun	45.80	[redacted]	[redacted]	[redacted]	20,752	[redacted]
Jul	46.20	[redacted]	[redacted]	[redacted]	14,153	[redacted]
Total					204,400	78,415

■ GAS OIL IPE [redacted]

	Sett price	Day's change	High	[redacted]	Open int	Vol
[redacted]	152.00	+1.50	154.00	151.50	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]	[redacted]	20,380	[redacted]
Apr	147.75	+1.25	149.00	147.00	15,990	2,722
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	8,040	[redacted]
[redacted]	146.75	+1.00	148.00	146.00	14,820	1,418
Jul	147.75	+0.75	148.50	147.25	7,608	898
Total					116,480	[redacted]

■ NATURAL GAS NYMEX (10,000 mmBtu.; [redacted])

	Latest [redacted]	[redacted]	High	Low	Open int	[redacted]
Feb	2.355	[redacted]	[redacted]	2.340	20,815	[redacted]
Mar	2.190	+0.051	[redacted]	2.180	15,741	[redacted]
Apr	[redacted]	+0.025	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	2.020	[redacted]	2.070	2.010	9,866	[redacted]
Jun	2.000	[redacted]	2.050	[redacted]	7,256	2,010
Jul	1.985	-	2.030	1.980	[redacted]	[redacted]
Total					128,176	[redacted]

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest [redacted]	Day's change	[redacted]	Low	Open [redacted]	Vol
Feb	[redacted]	-0.31	[redacted]	42.15	[redacted]	[redacted]
Mar	43.50	[redacted]	44.15	[redacted]	[redacted]	8,166
Apr	[redacted]	[redacted]	46.80	[redacted]	[redacted]	[redacted]
May	[redacted]	[redacted]	47.75	47.10	29,913	2,536
Jun	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	899
Jul	[redacted]	[redacted]	[redacted]	48.45	2,482	[redacted]
Total					[redacted]	32,912

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	[redacted]	[redacted]	[redacted]	Low	Open [redacted]	[redacted]
[redacted]	99.55	[redacted]	99.70	99.50	92	22
Mar	[redacted]	[redacted]	100.75	[redacted]	[redacted]	15
[redacted]	[redacted]	-0.20	[redacted]	101.65	1,663	26
Jun	[redacted]	-0.60	102.25	102.25	[redacted]	6
[redacted]	91.20	-	-	-	137	-
Nov	[redacted]	[redacted]	92.00	91.85	641	[redacted]
[redacted]					4,630	[redacted]

■ WHEAT CBT (5,000bu min; cents/60lb [redacted])

[redacted]	384/2	-3/6	387/0	[redacted]	[redacted]	24,650
[redacted]	[redacted]	[redacted]	[redacted]	365/4	46,640	4,760
Jul	353/2	-1/6	[redacted]	[redacted]	78,295	[redacted]
Sep	356/0	-1/2	[redacted]/4	[redacted]	10,640	480
Dec	362/6	-1/4	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	328/0	-0/4	-	-	20	-
Total					[redacted]	[redacted]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
May	311/4	[redacted]	[redacted]	310/4	437,095	[redacted]
Jul	[redacted]	-6/0	315/0	[redacted]	[redacted]	38,715
[redacted]	290/6	-1/0	292/2	[redacted]	[redacted]	6,980
Dec	[redacted]	+0/2	[redacted]	[redacted]	200,795	[redacted]
Mar	[redacted]	[redacted]	[redacted]	277/4	12,320	1,010
Total					[redacted]	192,765

■ BARLEY LCE (£ per tonne)

[redacted]	[redacted]	-	[redacted]	[redacted]	95	56
[redacted]	105.45	-0.15	-	-	717	-
[redacted]	[redacted]	[redacted]	-	-	203	-
[redacted]	[redacted]	-0.05	92.60	[redacted]	[redacted]	[redacted]
Nov	[redacted]	[redacted]	95.00	95.00	53	2
Jan	[redacted]	-0.20	-	-	-	-
Total					1,106	63

■ [redacted] CBT (5,000bu min; cents/[redacted] bushel)

Jan	702/4	-6/2	711/0	699/4	15,615	18,540
Mar	709/6	-7/0	719/0	706/6	430,225	165,120
[redacted]	715/4	-6/4	[redacted]	[redacted]	[redacted]	[redacted]
Jul	[redacted]	[redacted]	[redacted]	712/4	166,690	[redacted]
[redacted]	707/2	[redacted]	716/4	[redacted]	27,390	[redacted]
Sep	679/6	-7/2	689/0	[redacted]	[redacted]	[redacted]
Total					926,205	276,770

■ [redacted] OIL CBT [redacted] cents/lb)

[redacted]	30.43	-0.11	30.50	[redacted]	[redacted]	2,177
Mar	30.37	-0.11	30.48	[redacted]	43,366	15,565
May	30.03	-0.07	30.14	[redacted]	18,935	3,580
Jul	29.45	-0.03	[redacted]	[redacted]	[redacted]	[redacted]
Aug	[redacted]	[redacted]	[redacted]	28.64	[redacted]	427
[redacted]	28.13	-0.13	28.30	[redacted]	[redacted]	971
[redacted]					98,547	[redacted]

■ [redacted] MEAL CBT (100 tons; [redacted]

Jan	196.3	-1.8	[redacted]	[redacted]	[redacted]	[redacted]
Mar	[redacted]	-2.3	201.0	[redacted]	40,245	9,982
May	198.8	-2.8	202.3	[redacted]	[redacted]	[redacted]
Jul	[redacted]	[redacted]	203.5	[redacted]	14,044	1,821
[redacted]	198.2	-2.8	201.5	[redacted]	5,852	862
Sep	196.3	-2.7	[redacted]	[redacted]	[redacted]	392
Total					[redacted]	[redacted]

■ POTATOES LCE (£/tonne)

Mar	140.0	-	-	-	[redacted]	-
[redacted]	105.8	-2.9	108.0	104.0	[redacted]	239
[redacted]	124.8	-3.2	[redacted]	[redacted]	737	89
[redacted]	[redacted]	-	-	-	[redacted]	-
Nov	85.0	-	-	-	-	-
Mar	[redacted]	-	-	-	-	-
[redacted]					2,696	298

■ FREIGHT (BIFFEX) LCE ($10/index [redacted]

Jan	[redacted]	-11	[redacted]	1245	746	18
Feb	[redacted]	-11	-	-	225	-
Mar	1305	[redacted]	[redacted]	1300	155	5
Apr	1314	-13	1330	1310	1,014	29
Jul	1183	-	-	-	220	-
Oct	1330	-15	-	-	221	-
Total					2,636	[redacted]

	[redacted]	Prev
[redacted]	1242	1240

Tea
[redacted] was improved demand for [redacted] with emphasis on better liquoring teas, reports the Tea Brokers' Association. Colouiy Assams sold well, particularly pd's, but prices were 2 to 6p easier with quality, while plain sorts were again neglected. Bright and good medium east Africans often gained several pence but plainer descriptions were irregular and barely steady. Ceylons met good but selective demand with better sorts firm and lower quality teas tending easier. Offshore: good general demand. Brighter teas were firm to dearer but plainer types were sometimes easier. Quotations: quality 165p/kg, good medium 140p/kg, medium 108p/kg, low medium 90p/kg. The highest price realised this week was 166p/kg for a Rwanda pd.

SOFTS

■ COCOA LCE (£/tonne)

	[redacted] price	Day's [redacted]	[redacted]	Low	Open int	Vol
[redacted]	[redacted]	[redacted]	[redacted]	923	35,037	935
[redacted]	937	+7	945	932	14,345	[redacted]
Jul	949	+7	952	945	10,576	[redacted]
[redacted]	962	+7	968	955	[redacted]	[redacted]
Dec	977	+10	980	968	[redacted]	223
Mar	991	+9	990	990	24,721	130
Total					[redacted]	2,795

■ [redacted] CSCE (10 tonnes; [redacted])

Mar	1161	-16	1185	1157	[redacted]	5,992
May	1198	-13	1217	[redacted]	[redacted]	[redacted]
[redacted]	1228	-13	1246	1228	10,514	[redacted]
Sep	1253	-15	1268	1255	6,589	[redacted]
Dec	[redacted]	-17	1292	[redacted]	5,447	[redacted]
Mar	1293	-12	1310	1310	7,536	1
[redacted]					89,043	[redacted]

■ COCOA (ICCO) (SDR's/tonne)

[redacted]	Price	[redacted] day
Daily	936.66	933.[redacted]
Jan 11		
10 day average	922.58	921.24

■ [redacted] LCE ($/tonne)

[redacted]	[redacted]	+11	1188	1162	[redacted]	182
Mar	1199	+10	1208	1195	14,869	[redacted]
May	1201	+10	1208	1195	10,486	[redacted]
Jul	[redacted]	+12	1201	1193	2,564	322
Sep	1200	+12	1201	1201	1,358	1
[redacted]	[redacted]	+13	1201	1201	894	1
Total					[redacted]	[redacted]

■ [redacted] 'C' CSCE (37,500lbs; cents/lbs)

Mar	73.70	-0.25	74.60	[redacted]	[redacted]	[redacted]
May	75.40	-0.15	76.15	74.95	12,284	1,356
Jul	76.95	-0.05	77.50	76.35	3,827	353
Sep	78.15	-0.35	78.70	78.15	2,487	107
Dec	79.85	-0.30	80.70	80.00	1,357	16
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	5
Total					[redacted]	[redacted]

■ COFFEE (ICO) (US cents/pound)

Jan 14	Price	Prev. day
Comp. daily	69.25	69.23
15 day average	69.38	69.51

■ [redacted] PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.59	-0.23	10.65	10.61	1,109	151
[redacted]	11.12	-0.17	11.20	11.07	723	145
Jul	11.32	-0.21	-	-	2,868	
[redacted]	11.08	-0.20	-	-	54	
Total					[redacted]	298

■ WHITE SUGAR LCE ($/tonne)

Mar	288.00	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	293.20	[redacted]	296.40	[redacted]	1,460	[redacted]
[redacted]	282.80	-2.40	[redacted]	282.70	[redacted]	117
Dec	281.50	[redacted]	-	-	80	-
Mar	282.90	-2.70	-	-	63	-
Total					12,999	3,423

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	[redacted]	[redacted]	10.70	[redacted]	47,687	[redacted]
May	10.82	[redacted]	11.02	10.77	27,844	[redacted]
Jul	10.77	-0.21	[redacted]	10.75	[redacted]	380
Oct	10.74	[redacted]	[redacted]	10.71	[redacted]	843
Mar	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	336
May	[redacted]	-0.20	-	-	111	75
Total					[redacted]	[redacted]

■ [redacted] NYCE [redacted]

Mar	70.18	[redacted]	70.46	69.60	22,867	[redacted]
May	[redacted]	[redacted]	71.50	[redacted]	14,617	[redacted]
Jul	[redacted]	[redacted]	72.20	71.46	7,713	[redacted]
Oct	[redacted]	+0.17	[redacted]	[redacted]	[redacted]	116
Dec	[redacted]	+0.10	[redacted]	[redacted]	7,398	535
Mar	69.75	[redacted]	-	-	61	-
Total					54,149	[redacted]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jan	[redacted]	-4.75	109.75	[redacted]	260	105
Mar	108.15	-5.55	111.10	106.50	11,848	1,639
May	110.65	-4.95	112.70	[redacted]	[redacted]	[redacted]
Jul	112.75	[redacted]	[redacted]	112.60	1,128	[redacted]
[redacted]	114.50	-4.85	-	-	753	6
Nov	116.00	-4.85	117.50	117.50	[redacted]	[redacted]
Total					17,114	2,491

VOLUME [redacted]
Open [redacted] and [redacted] for contracts [redacted] on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 17	Jan 14	month ago	year ago
[redacted]	[redacted]	1673.6	1708.5

■ CRB (Base: 4/9/56=100)

[redacted] 14	[redacted]	[redacted] ago	year [redacted]
[redacted]	227.97	[redacted]	[redacted]51

MEAT [redacted] LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; [redacted])

	Sett [redacted]	Day's [redacted]	High	[redacted]	[redacted] int	[redacted]
Feb	[redacted]	-0.225	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	76.450	[redacted]	77.150	[redacted]	25,333	3,411
[redacted]	[redacted]	[redacted]	[redacted]	74.250	18,539	2,057
[redacted]	73.125	-0.125	73.325	73.025	9,563	506
Oct	[redacted]	-0.180	73.480	73.150	6,097	[redacted]
[redacted]	74.200	-0.100	74.300	74.150	1,170	[redacted]
Total					88,601	[redacted]

■ LIVE HOGS CME [redacted]

[redacted]	[redacted]	+0.650	48.725	48.200	8,053	3,403
[redacted]	48.525	+0.325	[redacted]	[redacted]	9,436	2,836
[redacted]	[redacted]	-0.035	[redacted]	54.375	[redacted]	892
Jul	53.850	[redacted]	54.050	53.750	[redacted]	[redacted]
[redacted]	52.675	+0.125	52.900	52.500	[redacted]	[redacted]
[redacted]	[redacted]	+0.075	[redacted]	49.500	[redacted]	[redacted]
[redacted]					[redacted]	[redacted]

■ [redacted] BELLIES CME (40,000lbs; [redacted])

Feb	58.075	[redacted]	56.900	56.050	[redacted]	1,244
Mar	[redacted]	[redacted]	57.450	[redacted]	2,316	468
[redacted]	58.050	[redacted]	58.700	58.050	2,094	[redacted]
Jul	[redacted]	[redacted]	59.125	[redacted]	1,704	66
Aug	[redacted]	-0.125	57.350	56.175	[redacted]	[redacted]
Total					11,487	[redacted]

LONDON TRADED OPTIONS

Strike [redacted] tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

	Apr	Jul	Apr	[redacted]
1200	[redacted]	78	40	[redacted]
1225	[redacted]	68	62	[redacted]
1250	[redacted]	[redacted]	88	67

■ COPPER (Grade A) LME

	Apr	Jul	Apr	Jul
1800	[redacted]	113	40	48
1850	[redacted]	[redacted]	63	69
1900	36	63	92	95

■ COFFEE LCE

	Mar	[redacted]	[redacted]	[redacted]
1150	67	96	18	45
1200	37	70	38	69
1250	19	50	70	99

■ COCOA LCE

	Mar	May	Mar	May
875	65	87	10	25
900	48	71	18	34
925	33	[redacted]	28	[redacted]

■ BRENT CRUDE IPE

	Mar	Apr	[redacted]	Apr
1400	[redacted]	60	[redacted]	-
1450	32	34	-	-
1500	[redacted]	38	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar) +or-

Dubai	$13.00-3.10w	[redacted]
Brent Blend (d[redacted]	$14.27-4.31	+.135
Brent Blend (Mar)	$14.12-4.14	+.095
W.T.I. (1pm est)	$15.31-[redacted]33w	+0.08

■ OIL PRODUCTS NWE [redacted] prompt delivery CIF (tonne)

Premium Gasoline	$146-148	-0.5
Gas Oil	$156-158	[redacted]
Heavy [redacted] Oil	$60-63	+2.0
Naphtha	$128-131	+0.5
Jet [redacted]	$174-175	+1.5

[redacted] Argus [redacted]

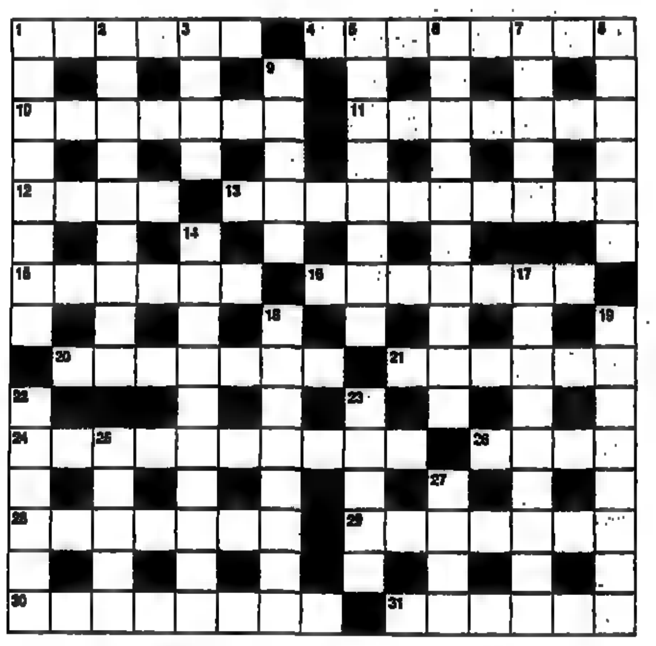
■ OTHER

Gold (per troy oz)[redacted]	$392.50	[redacted]
Silver (per troy oz)‡	[redacted]	+13.0
Platinum (per troy oz.)	$392.65	+3.15
[redacted] (per troy oz.)	$124.90	+1.15
Copper [redacted] prod.)	87.0c	+1.0
Lead (US prod.)	[redacted]	
Tin (Kuala Lumpur)	13.42r	+0.62
Tin (New York)	[redacted]	+1.00
Zinc [redacted] Prime W.)	Unq.	
[redacted] weight)†	121.94p	-0.47*
[redacted] (live weight)†♣	98.17p	-2.67*
Pigs (live weight)	67.40p	+2.84*
[redacted] day [redacted]	$258.00	-1.80
Lon. day sugar (wte)	[redacted]	+0.10
Tate & Lyle export	[redacted]	
[redacted] (Eng. [redacted]	£109.5	+0.50
[redacted]		
[redacted] (US [redacted] North)	£175.0	
Rubber (Feb)♥	[redacted]	
[redacted]	61.00p	
[redacted] RSS No1 Feb)	219.5m	
[redacted] (Phil)§	[redacted]	-5.0
Palm Oil (Malay[redacted]	$395.0t	-2.5
Copra [redacted]	[redacted]	
Soyabeans (US)	£212.0y	
Cotton 'A' [redacted]	68.00c	+0.45
Wooltops (64s Super)	350p	+6

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Apr w Mar. z Jan/Mar. v Sep/Oct. t Feb/Mar. x Mar/Apr. ♥ London Physical. § CIF [redacted] ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,356 [redacted] by ALAUN



[redacted]

1 [redacted] posh [redacted] have [redacted] rooms! [redacted]
4 Clutching [redacted] big tip, [redacted] more information on [redacted]
[redacted] flushed [redacted] a [redacted] (7)
11 [redacted] a hint, [redacted] animals and they're furry (7)
12 Await [redacted] moment and [redacted] by a quarter (4)
[redacted] Its purpose is defensive, [redacted] you don't [redacted] the game [redacted]
15 Having caught, has [redacted] in irons (6)
[redacted] Slips off [redacted] to [redacted] the guns [redacted]
[redacted] Machine [redacted] and will beat [redacted] (7)
21 [redacted] of furniture [redacted] suitable [redacted] doctor's waiting room [redacted]
24 Who's [redacted] (3,7)
26 The [redacted] and [redacted] (4)
28 Brings [redacted] valid points [redacted] (7)
[redacted] Carry out, for each, [redacted] (7)
[redacted] sport as "a worthless activity" (4,4)
[redacted] Where it's [redacted] that you are truly [redacted] owner? [redacted]

DOWN

1 [redacted] to an invitation to visit again (8)
2 [redacted] mother, having an [redacted] make-up in [redacted] play [redacted]
3 [redacted] fearsome yet so retiring (4)
[redacted] into what? [redacted] way! (3,1,4)
6 A desire [redacted] start speaking Hindustani [redacted]
7 Wanting [redacted] much [redacted] a [redacted] – I'm [redacted] you [redacted] (5)
8 She did [redacted] and gave the food [redacted]
9 Be [redacted] on making an [redacted] audience (5)
14 [redacted] – [redacted] putting it on (10)
17 Not bothered, and went [redacted] (4,5)
18 A packet [redacted] the tiny [redacted] (5,3)
19 Supposed it went on – on the quiet (8)
22 Second-best? That's really funny (6)
23 Nestling [redacted] grass that's really soft, [redacted] in clover (5)
25 The article is fine – grand (5)
[redacted] Bird you [redacted] on [redacted] ship (4)

Solution to Saturday's prize puzzle [redacted] Saturday January 29.
Solution [redacted] yesterday's prize puzzle on Monday January 31.

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Second line stocks continue to outperform

By Steve Thompson

London's equity market built on last Friday's outstanding performance, but [redacted] well below the day's highs in the wake of a stuttering opening by Wall Street.

The US market was hit at the outset [redacted] trading by news [redacted] an earthquake affecting much [redacted] Los Angeles.

Nevertheless, the FT-SE [redacted] Index remained strongly in positive terri[redacted] after further encouraging [redacted] the UK [redacted] in the form of better than expected producer prices and output numbers for December, plus industrial production figures [redacted] November.

Significantly, [redacted] highlighted another strong showing by the [redacted] as a powerful indicator of the underlying confidence in UK markets. Some determined buying across the board drove second-rank stocks sharply higher and pushed the FT-SE Mid 250 Index up 33.1 to an all-time peak of [redacted]

Turnover in London markets showed [redacted] signs of flagging after the recent long run of exceptionally high volumes. Yesterday [redacted] change hands, with non-Footsie [redacted] accounting [redacted] shares, or 68.8 per [redacted] the [redacted]

Figures released yesterday [redacted] the value of [redacted] in the equity market [redacted] Friday [redacted] worth £2.03bn, well above recent levels.

Share prices [redacted] from [redacted] of trading, driven by renewed buying of the March future on the Footsie, [redacted] to have [redacted] executed by some [redacted] the big [redacted] investment banks. It [redacted] pointed out, however, that the US houses often act for leading UK institutions.

Account Dealing Dates		
*First Dealings:		
Jan 4	Jan 17	Jan 31
Option Declarations:		
Jan 13	Jan 27	Feb 10
Last Dealings:		
Jan 14	[redacted]	Feb 11
[redacted] Day:		
Jan 24	[redacted] 7	Feb 21

*New time dealings may take place from two business days earlier.

And dealers also [redacted] there were strong indications that at least one of the powerful Scottish institutions had plunged into the market last Friday.

The early futures-inspired surge quickly ran out of steam, however, and it was buying, sometimes low key, in the cash market that sustained share prices [redacted] kept them in positive territory.

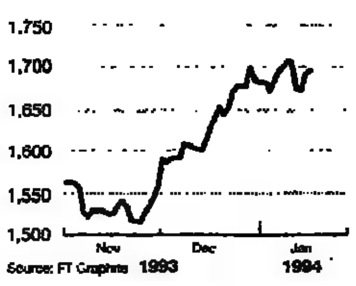
The FT-SE 100 Index [redacted] than seven points during the first hour of trading, before slipping back in mid-morning and then stag[redacted] another strong upward move which saw it [redacted] a session peak of 3,421.1. Thereafter, prices drifted back, influenced by the [redacted] earthquake [redacted] to [redacted] a net 7.2 [redacted] at 3,407.8.

Some of the leading marketmakers said they were taken by surprise by [redacted] Friday's [redacted] of buying interest, which they said was the result of [redacted] rotation and the [redacted] realignment of fund [redacted]ers' asset allocations. But most remained [redacted] that the market is underpinned by expected interest rate cuts. "If sterling continues to rise then rate cuts are definitely on the agenda," said one. Others adopted [redacted] much more [redacted] line, however. "The market feels heavy at Footsie 3,400; it [redacted] hard work from here onwards," said another.

Insurance issues were [redacted] the market's best performers early in the [redacted] but came [redacted] their best levels after the earthquake disaster [redacted] But other financial stocks continued [redacted] support, notably the merchant banks, where those with big stock market operations were well to the fore. S.G. Warburg and Kleinwort Benson [redacted] outstanding.

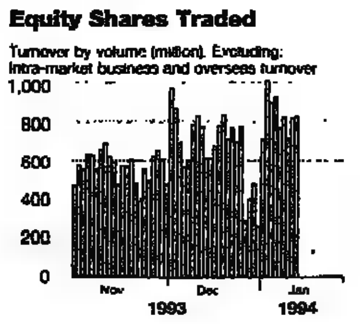
[redacted] shares were mixed in spite of the sharp rise in crude oil prices, which responded [redacted] the cold [redacted] in the US [redacted] lingering hopes that [redacted] Opec meeting could still [redacted]

FT-SE-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT [redacted] 100	3407.8	+7.2	FT Ordinary Index	2615.5	+3.4
FT-SE Mid 250	[redacted]	+33.1	FT-SE-A Non Fins p/e	[redacted]	(22.05)
FT-SE-A 350	1714.6	+6.1	FT-SE 100 Fut Mar	3412.5	-3.5
FT-SE-A All-Share	1697.81	[redacted]	10 [redacted] Gilt yield	6.34	(6.33)
FT-SE-A [redacted] yield	[redacted]	(3.35)	Long gilt/equity yld ratio:	2.04	(2.01)

Best performing [redacted]

1. Building & [redacted] .... +2.1
2. Other Financial .... +1.9
3. Other Services & Bsns .... +1.7
4. Insurance .... +1.3
5. Print, Paper, Pckg .... +1.3

Worst performing [redacted]

1. Tobacco .... -1.0
2. Spirits, Wines, Cider .... -1.0
[redacted] Chemicals .... -0.5
[redacted] Retailers, Food .... -0.2
[redacted] Transport .... -0.2

Provision worries hit Bae

Fears that British Aerospace [redacted] include provisions [redacted] in [redacted] next [redacted] results [redacted] by [redacted] per cent, one [redacted] worst performers [redacted] FT-SE 100 [redacted] suggested that BAe would be making the provisions [redacted] continuing problems [redacted] troubled regional jets division, following [redacted] failure [redacted] last [redacted] Taiwan Aero[redacted] Corporation for a proposed joint venture.

[redacted] was further dam[redacted] by suggestions [redacted] Arabia [redacted] re-negotiate the lucrative [redacted] for Hawk aircraft; and [redacted] reports that the UK govern[redacted] replace [redacted] transport [redacted] with US [redacted] instead [redacted] European rival.

[redacted] part of a consortium developing [redacted] European alternative. The shares [redacted] up 10 [redacted] 2.3m.

Reuters strong

[redacted] financial informa[redacted] Reuters Holdings pushed forward in [redacted] positive weekend press [redacted]ment over last week's announcement of [redacted] expan[redacted] Acquisition of the Quotron equity dealing arm [redacted] bank Citicorp [redacted] Reuters share price up 41 [redacted] best before being dragged [redacted] by US selling and closing [redacted] higher at 1902p.

[redacted] analysts recommend the stock up to at least £20 [redacted] share, with [redacted] bullish seeing [redacted] hit £22 to reflect an American Depositary Receipt price [redacted]

There [redacted] growing conviction [redacted] Reuters will shortly [redacted] a share split, probably with end-of-year figures [redacted] February 8, in order to [redacted] the stock [redacted] attractive.

The earthquake in Los Angeles rumbled through [redacted]tions [redacted] the insurance community, with BAT Industries [redacted] Willis Corroon [redacted] suffer from [redacted] heavy claims.

Tobacco-to-insurance [redacted]glomerate BAT [redacted] subsidiary called Farmers. Although Farmers merely [redacted] mutual underwriting pools and has very little expo[redacted] BAT shares [redacted] 521p.

Meanwhile, insurance broker Willis Corroon, which has a [redacted] that does place earthquake insurance, fell 4 [redacted] 229p.

However, insurance analysts [redacted] few property owners in [redacted] Fernando valley took out subsidiary premiums to [redacted] earthquakes.

Food retailers managed to stay in mostly positive territory, continuing their strong [redacted] year [redacted] BZW, [redacted] of the leading houses in [redacted] sector, yesterday reiterated [redacted] neutral stance, [redacted] which was taken as [redacted] positive signal, given the one-way [redacted] negative news undermining the sector in the past [redacted] months.

With [redacted] breaking [redacted] in [redacted] niggling price war, [redacted] says that price stability [redacted] supermarket protaganists [redacted] a "real possibility". The broker forecasts [redacted] outperform [redacted] by 10 per [redacted] in the first quarter.

Yesterday Kwik [redacted] moved ahead [redacted] to 62½p, Argyll 2 to [redacted] and [redacted] 11 to 200p. However, J Sainsbury, [redacted] moved [redacted] buy list, slipped 2 [redacted] 476p.

Television group Carlton Communications jumped [redacted] [redacted]1p after [redacted] announced that the company [redacted] received acceptances for 78.4 per cent of [redacted] shares in Central Independent Television by Friday afternoon and the offer was unconditional.

Acquisition of Central will render Carlton [redacted] biggest independent television [redacted] UK [redacted] remove worries over competition in [redacted] production side. Central shares rose 17 to 2980p.

Speculation of a rights issue at Stanley Leisure, the gambling and gaming group, found some support [redacted] leisure analysts who pointed [redacted] the aquisitive company's shares were at an all-time high. Yesterday, they [redacted] a further 2 [redacted] in spite [redacted] cash call rumours.

"It [redacted] preparing [redacted] war chest," [redacted] one [redacted] hand, [redacted] small betting [redacted] said to be in the company's sights rather than one large acquisition.

Figures showing subdued inflation and talk [redacted] rate cuts, both in the UK and Germany, lifted several building and property stocks.

Among construction companies, Banner Homes gained [redacted] 159p, Wilson Bowden [redacted] 520p, Bryant Group [redacted] 182p, Persimmon [redacted] 345p, J Laing 4 [redacted] 333p, Barrat Developments 14 [redacted] 252p, J Mowlem 8 [redacted] 155p and Taylor Woodrow 6 to 161p.

Building materials [redacted] also firm. Marley moved [redacted] 7 [redacted] 205p, Ibstock Johnson [redacted] to 90p, Tarmac [redacted] to 198p and Pilkington [redacted] to 192p. Adding [redacted] the positive tone, British [redacted] producers [redacted] to favour an [redacted] in cement prices this year. Rugby Group [redacted] 7 [redacted] 326p. But Blue [redacted] weak[redacted] after an initial burst and [redacted] steady [redacted] 366p.

Meanhwile, [redacted] was lifted by speculation [redacted] Han[redacted] may be eyeing [redacted] interests. The shares added 3¼ [redacted] 36¼p.

[redacted] printer De [redacted] Rue was held back to [redacted] rise of 3 [redacted] 914p [redacted] broker [redacted] mended a switch into Bowater, up 12 at 510p.

Spirits and brewing group Guinness [redacted] the [redacted] forming [redacted] stock as [redacted] number [redacted] expressed [redacted]tion [redacted] company's trading [redacted] Analysts said that recent meetings with the [redacted] have done little [redacted] dispel concern [redacted] its prospec[redacted] dull earnings flow. Yesterday, SG Warburg and [redacted] were among those said to be making negative [redacted] stock, which closed 11 down at 463p.

Whisky producer Burn Stewart [redacted] recommended by Nat[redacted] Securities [redacted] the shares gained [redacted] to 125p.

BZW trimmed its forecasts for Unilever on worries [redacted] detergents [redacted] other things, and the broker retained [redacted] "hold" [redacted] due [redacted] the low yield and [redacted] growth. However, reiterating its positive stance, Strauss Turnbull pointed [redacted] the stock's undemanding rating and recent underperformance. The shares closed 10 ahead at 1175p.

Conglomerate Tomkins [redacted] the [redacted] performer among FT-SE 100 stocks jumping 10 [redacted] 267p, after [redacted] Govett turned buyers of [redacted] stock, having previously had an "undervalue" rating [redacted] it.

BTR, which has underperformed [redacted] market in [redacted] sessions perked up [redacted] 365p, [redacted] plans [redacted] a listing on [redacted] LSE for Graham Group, which comprises its two distribution businesses. Volume was 5.2m.

[redacted] in Clayton, Son & Co, which said on Friday that it [redacted] in talks that could lead [redacted] bid for the company, [redacted] another 42 to 145p, as further developments were awaited.

MARKET REPORTERS:
[redacted] Price,
Joel [redacted]
Peter John.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (371).
BANKS (2) ANZ, Westpac, BREWERIES (3) Eldridge Pope A, Greenalls, Scott. & Newcastle, BUILDING & CNSTRN (25) BLDG MATLS & MCHTS (22) CHEMICALS (4) BTP, Brit. Vita, Croda Int., Yorkshire Chems. DISTRIBUTORS (18) DIVERSIFIED INDLS (8) Amer Free A, BH Prop., Charter, Harrisons & Crosfield, Powell Duffryn, TT, Williams 8p Pf., Do 5/8pc Pf., ELECTRNC & ELECT EQUP (15) ENGINEERING (19) ENG, [redacted] (8) EXTRACTIVE INDS (21) FOOD MANUF (3) Avonmore A, Dalgety, Hillsdown, GAS DISTRIBUTION (1) Calor, HEALTH CARE (3) Assoc. Nursing Servs., Community Hsptls., UniChem, HOUSEHOLD GOODS (4) Airsprung, IWP, Lilliput, Osborne & Little, INSURANCE (7) Archer (A.J), FAI, Heath (CE), Lowndes Lambert, New Lon. Capital, Skandia, Topdanmark, INVESTMENT TRUSTS (43) INVESTMENT COMPANIES (10), LEISURE & HOTELS (18) LIFE ASSURANCE (1) Refuge, MEDIA (17) MERCHANT BANKS (4) Close Bros, Hambros, Hambros 7.5pc Pf., Kleinwort Benson, OIL EXPLORATION & PROD (2) Buts Res. Kelt Energy, OIL, INTEGRATED (1) Norsk Hydro, OTHER FINANCIAL (15) OTHER SERVS & BUSNS (2) Calderburn, Gen. Motors Units, PHARMACEUTICALS (1) Novo Nordisk B, PRTNG, PAPER & PACKG (22) PROPERTY (19) RETAILERS, FOOD (1) Fitzwilton, RETAILERS, GENERAL (9) SPIRITS, WINES & CIDERS (1) Highland Dists, SUPPORT SERVS (12) TELECOMMUNICATIONS (3) Securicor N/V, Securicor, Security Servs, TEXTILES & APPAREL (7) Allied Textile, Black (P), Cassidy, Dewhirst, Hamlet, Wensum, Yorklyde, TRANSPORT (8) Brit Airways, Brit Airways Cap 9 3/4pc Cnv, CSX, GATX, IoM Steam, Mayne Nickless, Ocean Wilsons, Transport Dvlpt, WATER (4) Bristol Water, Chesm A, Do B, Mid Kent, AMERICANS (7) CANADIANS (8) NEW LOWS (8).
GILTS (6) BLDG MATLS & MCHTS (1) Ashley, OIL EXPLORATION & PROD (1) Sunrise Energy.

EQUITY FUTURES AND OPTIONS TRADING

The first day of the new equity [redacted] brought [redacted] calmer [redacted] in [redacted] derivatives sector, with [redacted] in the [redacted] options and futures trading in [redacted] tight range, [redacted] *Joel* [redacted]

Aggressive buying at the opening of [redacted] saw [redacted] March [redacted] FT-SE 100 [redacted] strongly to 3,439. This turned [redacted] be the day's peak for the early interest [redacted] leaving the contract [redacted] drift [redacted] by mid-morning, pulling [redacted] underlying cash market lower.

March [redacted] in [redacted] 20 point range for the next few hours [redacted] disappointing Wall [redacted] brought further selling of [redacted] contract.

It [redacted] 3,415, [redacted] 10 [redacted] Friday's [redacted] two-point [redacted] fair [redacted] premium [redacted] which fell [redacted] points [redacted] account. [redacted] 10,497 [redacted] on [redacted] levels.

Turnover in traded options [redacted] sharply closing [redacted] 42,559 [redacted] against 57,439 [redacted] Friday. That sharp [redacted] in [redacted] was in part brought about by reduced business in [redacted] FT-SE 100 options [redacted] volume [redacted] only 11,041 [redacted] Friday's turnover in the FT-SE 100 options had been [redacted] healthy [redacted] lots. However [redacted] trading was seen in [redacted] Euro FT-SE 100 option in which 6,244 lots [redacted]

Dealers said [redacted] single house [redacted] bought the "[redacted] spread" in Asda accounting for the day's volume of 5,764 lots which made it the most actively traded [redacted] option. It [redacted] followed by British Gas [redacted] 2,070 lots were dealt in Hanson, and 1,321 in Argyll Group. [redacted] included Tesco, [redacted] Commercial Union.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	[redacted]	[redacted]	[redacted]	Est. vol	Open int.
Mar	3424.0	3412.5	[redacted]	[redacted]	[redacted]	[redacted]	68346
Jun	[redacted]	3427.0	-8.0	3443.0	[redacted]	105	5768
Sep	-	3442.5	-3.5	-	-	0	200

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3407) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	210	½	160	½	110	1½	60	7	24	21½	8	55½	1½	105½	½	155½
Feb	229½	9	178	14	133½	21[illegible]	[illegible]	34[illegible]	64½	53[illegible]	40	80	[illegible]	114½	112½	159½
Mar	231	20½	186½	27[illegible]	151	39½	115½	54½	[illegible]	75	61½	100½	40½	131	2[illegible]	167½
Jun	242½	31½	[illegible]	42	167	[illegible]	134	71[illegible]	104	91	79½	117	[illegible]	146	42½	181
Sep†	271½	50½			196½	76			136	114			89½	167		

Calls 5,0[illegible] Puts [illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	7,900	62½	-½
Abbey National†	2,800	517	-3
Albert Fisher	742	71	-2
Allied-Lyons†	1,600	654	+5
Anglian Water†	[illegible]	566	
Argos	[redacted]	378	-1
Argyll Group†	[redacted]	[redacted]	+2
Arjo Wiggins†	[illegible]	[illegible]	+4

[illegible]

FT-SE Actuaries Share Indices — The UK Series

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

January 17. Total contracts: 43,814 Calls 27,490 Puts 16,324

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	43	[redacted]	20
Other Fixed Interest	[redacted]	6	9
Mineral Extraction	96	28	84
General Manufactures	308	83	315
Consumer Goods	75	27	92
Services	209	65	252
Utilities	33	[redacted]	[redacted]
Financials	154	56	[redacted]
Investment Trusts	170	[redacted]	[redacted]
Others	54	26	[redacted]
Totals	1,141	339	[redacted]

[redacted] on [redacted] on the London Share [redacted]

LONDON RECENT ISSUES: EQUITIES

[redacted] p	paid up	Mkt. [redacted] (£m.)	1993/94 High	[redacted]	[redacted]	[redacted] price p	+/-	[redacted]	Div. [redacted]	[redacted]	P/E
[redacted]	F.P.	[redacted]	[redacted]	[redacted]	[redacted] C	100½		-	-	-	-
100	F.P.	28.6	102	92	[redacted] Lloyds	95½		-	-	-	-
[redacted]	F.P.	[redacted]	112	98	[redacted]	112	[redacted]	-	-	-	-
[redacted]	F.P.	280.0	185	[redacted]	[redacted]	179	-2	[redacted]	-	1.7	-
[redacted]	F.P.	344.2	[redacted]	288	[redacted]	330	+10	[redacted]	2.1	2.4	-
[redacted]	F.P.	[redacted]	[redacted]	98	[redacted]	98		-	-	-	-
-	F.P.	[redacted]	112	101½	Finsbury Under'wri	111		-	-	-	-
100	F.P.	[redacted]	119	100	For [redacted] C	[redacted]	+½	-	-	-	-
[redacted]	P.P.	[redacted]	60	59	[redacted]	60		-	-	-	-
120	P.P.	[redacted]	123	121	Do. [redacted]	122	+1	-	-	-	-
[redacted]	P.P.	[redacted]	[redacted]	61	Do. [redacted] Div Pf	61½		-	-	-	-
[redacted]	F.P.	417.1	[redacted]	166	Gartmore	207	+5	W4.0	2.0	2.4	[redacted]
-	F.P.	[redacted]	[redacted]	3	¶Harmony Wrts.	4½		-	-	-	-
190	F.P.	[redacted]	[redacted]	[redacted]	[redacted]	241		R8.5	2.0	3.4	[redacted]
[redacted]	F.P.	[redacted]	[redacted]	94½	[redacted]	106		-	-	-	-
-	F.P.	3.66	71	42	[redacted]	71	[redacted]	-	-	-	-
[redacted]	F.P.	[redacted]	110	100	[redacted] Inv [redacted]	110	[redacted]	-	-	-	-
[redacted]	F.P.	-	[redacted]	44	Rockwood	44		-	-	-	-
§10	F.P.	[redacted]	11½	10¼	[redacted]	11		-	-	-	-
60	F.P.	[redacted]	70	60	¶Securitised En.	70		[redacted]	1.0	[redacted]	12.4

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

[redacted] price p	[redacted] paid up	[redacted] Renun. date	1993/94 [redacted]	[redacted]	[redacted]	Closing [redacted] p	+or-
[redacted]	Nil	17/2	16pm	[redacted]	Anglo Irish	15pm	
[redacted]	[redacted]	17/1	105pm	[redacted]	[redacted]	[redacted]	
[redacted]	Nil	31/1	15pm	11pm	[redacted]	15pm	
[redacted]	Nil	[redacted]	9½pm	5pm	[redacted] Energy	8pm	[redacted]
68	Nil	[redacted]	7pm	3½pm	Hallon	3½pm	-½
[redacted]	Nil	8/2	8pm	6pm	Sheldon Jones	[redacted]	

pm [redacted] at a [redacted]

FIXED INTEREST STOCKS

[redacted] £	Amount paid up	[redacted] date	[redacted] High	Low	[redacted]	Closing price £	[redacted]
-	F.P.	-	95	90	Budgens [redacted] Cv [redacted]	94	
-	F.P.	-	110¼p	99¼p	[redacted] 7¾pc Pf	107½p	+¼
100p	Nil	-	40ppm	32¾pm	Trafalger [redacted] Cv.Red.Pf	32¾ppm	
-	F.P.	-	129½	107	Wilan 6¼pc Bds	129½	+1¼

pm Price at a premium. [redacted]

FINANCIAL TIMES EQUITY INDICES

	Jan 17	Jan 14	Jan [redacted]	Jan 12	Jan 11	Yr ago	*High	*Low
Ordinary [redacted]	[redacted]	2612.1	2577.4	[redacted]	[redacted]	[redacted]	[redacted]	2124.7
Ord. div. yield	[redacted]	3.58	3.62	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Earn. yld. % full	4.04	[redacted]	4.10	4.11	[redacted]	[redacted]	[redacted]	[redacted]
P/E ratio net	[redacted]	[redacted]	30.77	[redacted]	31.18	21.16	[redacted]	19.40
P/E [redacted] nil	28.97	28.90	28.52	28.48	28.91	19.55	28.99	18.14
Gold [redacted]	250.3	245.7	242.9	[redacted]	[redacted]	[redacted]	277.9	80.0

*For 1993/94. Ordinary share index since compilation: high 2617.4 07/01/94, low 49.4 26/6/40. [redacted] index since [redacted] high: 734.7 15/2/83 - low [redacted] 26/10/71. Ordinary share base date 1/7/35; Gold Mines 13/9/56.

Ordinary [redacted] hourly [redacted]

Open	[redacted]	10.00	[redacted]	[redacted]	[redacted]	14.00	15.00	16.00	High	Low
2615.7	2611.9	2612.6	2622.1	2620.7	2621.1	2617.2	[redacted]	2614.1	2623.5	2608.3

	Jan 17	Jan 14	Jan [redacted]	Jan 12	Jan 11	Yr ago
SEAQ bargains	[redacted]	43,321	38,899	[redacted]	[redacted]	[redacted]
Equity [redacted] (£m)†	-	2031.0	[redacted]	1797.7	[redacted]	[redacted]
Equity bargains†	-	48,351	[redacted]	42,327	[redacted]	[redacted]
[redacted] (ml)†	-	817.4	803.4	710.4	[redacted]	[redacted]

† Excluding intra-market business and overseas turnover.

TRADITIONAL OPTIONS

[redacted] Dealings	[redacted] 10	Last [redacted]	April 7
[redacted] Dealings	Jan [redacted]	For [redacted]	April 18

[redacted] Aegis, Arcon Int., Auto. Secs. Pref., Bensons Crisps, Bluebird, Burton, Caverdale, Coal Inv., Com-Tek, CRP Leis., Dart Group, Eagle Mng., [redacted] Benson, Mid-States, Natl.Home Prof., Nurdin [redacted] Peacock, Pizza Express, Pelon, Sleepy Kids, Spring Ram, TR Tech., Waverley, Wilshaw, WPP. Puts: Dart Group, Eagle Mng., Wilshaw. Puts & Calls: Arcon Intl., Fleons, Ladbroke, Shandwick.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£24¼	+½	£25¾	£18¼	6,780	[illegible]	12.9
ANZ A$	□	232¼	+½	232½	130	3,039	[illegible]	φ
Abbey National	†□	617	-3	524	345	6,777	2.9	19.9
Allied Irish I£	‡†a□	309	+3	314	179	2,034	3.4	15.8
Anglo Irish I£	N□	67xd	-1	*69	28	163.0	6.3	φ
Asahi Y	□	650¼	-12	844	415	15,101	0.7	-
Banco Bil Viz Pts	□	£14½	+⅛	£17⅓	£13⅓	3,444	5.5	6.7
Banco Sant Pts		£29½	----	£36	£24⅞	3,328	4.4	11.4
Bank Leumi (UK)		375	-	375	325	29.6	5.7	-
Bk Ireland I£	‡uc□	315	+4	*319	177	1,481	4.0	23.2
Bank Scotland	‡†□	221	----	240½	116½	2,565	2.6	30.0
9¼pc Pf		137	+¼	140¼	117¾	137.0	[illegible]	-
9¾pc Pf		144	+½	147¼	120½	144.0	8.5	-
Barclays	‡N□	607	+7	652	362	9,861	2.6	-
Dai Ichi Kan Y	□	£10⅞	-½	£15⅞	£8⅞	33,942	0.5	60.1
Deutsche DM	□	£314½	-7½	£348⅝	£250½	14,971	1.9	-
Espirito Santo		£24½	--	£24¾	£18½	259.8	3.3	5.8
First Nat Fin	□	75xd	+1	*95	45	126.0	2.5	φ
6.3pc Cv Pf		89xd	+1½	*91	55	5.98	[illegible]	-
7pc Cv Pf		144xd	+2	167½	106	68.3	6.1	-
Fuji Bank Y	□	1161¼	-24	1651	876	34,200	0.5	-
HSBC HK	†□	921	-6	1007	474	16,721	2.7	22.0
HSBC (75p Shs)	†□	903	-8	987	490	7,413	2.8	21.6
Lloyds	†□	625	+2	690	482	8,025	3.9	17.9
Mitsubishi Y	□	£16¾	-½	£19¾	£11⅓	48,244	0.3	-
Mits Tst & Bk Y	□	762½	+6	1012½	462½	9,927	0.7	12.2
Mitsui Tst & Bk Y	□	678½	-3⅛	852	374	6,932	0.9	19.7
Nat Aust A$	□	571½	----	576¼	322	7,509	4.0	φ
NatWest	†□	603	+9	634	398	10,021	3.7	[illegible]
Ottomane FFr		£30	-½	£32½	£23¼	150.0	[illegible]	9.8
Ryl Bk Scotland	‡N□	452xd	+1	470	307	3,589	3.0	20.4
Sakura Y	□	£8½	-⅛	£11	£5⅓	29,556	[illegible]	55.7
Sanwa Y	$□	£12½	+⅓	£16	£7⅓	38,271	0.4	-
Standard Chartd	†□	1165	+1	1263	576	2,774	2.2	-
Sumitomo Y	□	£12½	-⅓	£16¼	£8⅞	37,760	0.4	25.9
Sumitomo Tst Y	□	723¼	----	987½	437½	8,994	0.8	56.7
TSB	‡P□	269	+1	272½	145½	4,083	3.6	20.8
Tokai Y	□	57	--	69⅝	£4⅞	14,198	0.9	[illegible]
Toyo Tst & Bk Y	□	632¼	-28¼	840	411	4,973	0.8	56.4
Westpac A$		223xd	+6	223	121	3,909	2.4	φ
Yasuda Tst Bk Y	‡□	478¼	+4⅞	690	343	5,281	1.0	42.7

BREWERIES

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs		8¼	+¼	16½	4½	29.2	-	-
Bass	‡N□	587xd	+10	647	441	6,095	4.2	15.9
Boddington	†□	273	-1	299	189	329.2	3.5	15.9
Burtonwood		181xd	---	194	129	37.6	3.3	18.1
Eldridge,Pope A	‡	173xd	+4	173	75	33.6	2.8	φ
Fosters A$	□	63¼	+1⅛	70½	50	2,053	4.3	φ
Fuller STA	‡†	442xd	----	442	308	89.7	2.1	18.9
Gibbs Mew	‡†	398	--	403	149	25.6	2.6	19.5
Greenalls	‡qN□	475xd	+4	476	347	991.3	3.3	16.3

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SPIRITS, WINES & CIDERS - Cont.

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

[illegible]

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

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An international [illegible] is [illegible] for [illegible] outside the UK, annual subscription £250 stg. [illegible] 4378 [illegible] international) [illegible] more [illegible] on FT [illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Tru[illegible]

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: [illegible] price. The price at [illegible] by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)F

INSURANCES

AXA Equity & Law Life Assce

Britannia Life Assurance

Crown Financial Management Ltd - Contd.

Hearts of Oak Insurance Group

Life Association of Scotland - Contd.

Mercury Life Assurance Co Ltd - Contd.

Prosperity Life Assurance Ltd

Britannia Life Ltd

Lifetime Assurance Co Ltd

Midland Life Limited

Providence Capitol Life Assc. Co Ltd

OTHER UK UNIT TRUSTS

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Royal Heritage Life Assurance Ltd - Contd.

Scottish Widows' Group

Target Life Assurance Co Ltd

Finexco International Ltd

Macartney & Dowie Invest Mngt Plc

Prudential Fund Managers (Guernsey) Ltd

GT Asset Management (Ireland) Ltd

Asset Global Funds Ltd (1200)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

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[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

$ and £ remain strong

The dollar and sterling dominated currency trading yesterday in a session [redacted] quiet by [redacted] partial [redacted] holiday in honour of Martin Luther King, [redacted] *Philip Gawith.*

Sterling [redacted] heart from an encouraging batch of UK [redacted] nomic data during London trading and recovered from small early [redacted] caused by profit-taking after [redacted] week's strong gains. The dollar moved [redacted] its highest levels against the D-Mark since August 1991. Investors avoided the D-Mark, largely because [redacted] disenchantment about Germany's [redacted] nomic prospects [redacted] worries about developments in Russia.

● The dollar [redacted] around its highest level of the day against the D-Mark after [redacted] quiet European session. However, it eased slightly against the [redacted] and [redacted] barely changed at [redacted] against sterling.

In London, the [redacted] currency's closing level [redacted] DM1.7553 was nearly a [redacted] pfennig [redacted] Friday's close. However, it [redacted] ground marginally against [redacted] yen, closing [redacted] Y111.08 compared with Friday's 111.215. Sterling [redacted] $1.4918 [redacted] London close, barely changed from $1.4921 [redacted] weekend.

Yesterday's quiet trading did [redacted] deter [redacted] observers from predicting strong further gains for [redacted] dollar. Mr Norbert Walter, chief economist [redacted] AG, was reported [redacted] forecasting that [redacted] dollar would rise into [redacted] corridor [redacted] and [redacted] in the [redacted] quarter and [redacted] there until 1995. However, in remarks [redacted] a capital markets seminar, he [redacted] that [redacted] expected [redacted] Bundesbank [redacted] US [redacted] Reserve would intervene [redacted] sell dollars if the dollar/mark rate topped DM1.85.

■ Sterling put in another [redacted] performance, closing [redacted] DM2.6184 compared with DM2.6118 on Friday. It started [redacted] day at [redacted] a spate of unfavourable [redacted] of the government prompted selling in Asia. [redacted] it touched [redacted] in mid-morning in London [redacted] release of favourable industrial production [redacted] producer price data.

Analysts said the UK output data [redacted] bullish for sterling because they reflected good growth and [redacted] supported the government's reluctance [redacted] interest rates. Although the output price index for [redacted] manufactured products [redacted] by [redacted] cent [redacted] November [redacted] December, and so was above the 0.3 [redacted] cent [redacted] forecast, economists [redacted] reassured [redacted] inflationary pressures [redacted] subdued because prices excluding food, drink, [redacted] petrol [redacted] by only 0.1 [redacted] cent.

However, according [redacted] Mr [redacted] Martin of Citibank, the market [redacted] beginning to wonder about the impact of sterling's strength [redacted] UK export prospects. He [redacted] figures which showed export [redacted] falling suggested that if [redacted] pound strengthened much [redacted] would harm exports. [redacted] felt the government would try and [redacted] rise [redacted] the pound to reach [redacted] level.

● [redacted] generally [redacted] in [redacted] European trading as investors took precautionary positions [redacted] of Thursday's Bundesbank council meeting.

Many analysts [redacted] expect [redacted] bank will alter interest [redacted] this week, but few doubt [redacted] monetary policy will be relaxed in the coming weeks.

"There is little enthusiasm for the D-Mark at the moment," [redacted] US [redacted] in London. "Although the odds seem [redacted] against a German [redacted] this week, a prevailing air [redacted] gloom about the German economy makes it [redacted] risky play."

Mr Chris Turner, a currency strategist of Barclays de [redacted] Wedd, said [redacted] doubted the Bundesbank would cut [redacted] as it was sensitive to the recent rate of decline of the D-Mark. However, Citibank's Mr Martin said he didn't feel the D-Mark would decline [redacted] further as other European governments were relying [redacted] exports to stimulate economic recovery and wouldn't [redacted] their currencies to strengthen [redacted] much against it.

The resignation of the [redacted] Russian economic reformer, Mr Yegor Gaidar, [redacted] weighed on the German [redacted] because of Germany's [redacted] proximity [redacted] and in spite of Germany's limited economic links with the [redacted] Soviet Union.

● The rouble fell [redacted] to Russia's deepening political crisis yesterday tumbling 3.5 [redacted] in Moscow to a record [redacted] of 1,402 [redacted] the dollar [redacted] economic reforms would grind [redacted] a halt.

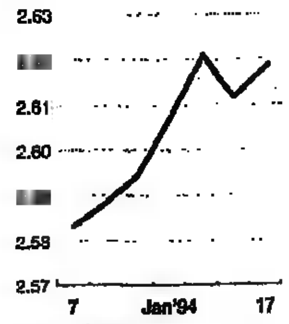
[redacted] said the currency, which has already fallen [redacted] cent [redacted] year, would continue [redacted] steep decline. Banks were alarmed by the [redacted] departure of Mr Gaidar who refused [redacted] join [redacted] government. Some Moscow [redacted] bankers forecast that [redacted] rouble was likely to [redacted] 1,600 [redacted] dollar [redacted] month.

■ The Australian dollar [redacted] a [redacted] of attention in London as it breached [redacted] resistance level of [redacted] Mr Turner said [redacted] reflected [redacted] in commodity prices and [redacted] strong [redacted] of [redacted] Australian equities. The Australian dollar closed yesterday [redacted] from [redacted] on Friday.

● [redacted] money markets [redacted] quiet yesterday. The initial shortage of [redacted] was revised upwards to £600m and the Bank of England provided [redacted] money market with £615m of assistance. With much liquidity in the market, overnight [redacted] touched 2 per [redacted] one stage [redacted] moving back up [redacted]

Sterling

Against the DM (DM per £)



[redacted] FT Graphite

■ Pound [redacted] New York

Jan [redacted]	—Latest—	—[redacted]—
£ spot	1.4930	[redacted]
1 mth	1.4898	1.4905
[redacted]	1.4850	[redacted]
1 yr	[redacted]	[redacted]

POUND SPOT FORWARD AGAINST THE POUND

Jan 17		[redacted] mid-point	[redacted] on day	[redacted] spread	Day's Mid high	[redacted]	One month [redacted]	[redacted]	Three months [redacted]	[redacted]	One year [redacted]	%PA	Bank of Eng. Index
Europe													
Austria	[redacted]	[redacted]	[redacted]	952 - 137	[redacted]	18.3120	[redacted]	-0.2	18.4177	-0.3	-	-	113.2
Belgium	[redacted]	[redacted]	[redacted]	474 - 250	[redacted]	54.2930	[redacted]	-2.3	54.7512	-1.9	55.0762	-1.1	112.5
Denmark	(DKr)	10.1372	+0.027	304 - 440	10.1426	10.0904	[redacted]	-1.3	10.1597	-0.9	10.1612	-0.2	114.9
Finland	(FM)	8.4829	[redacted]	728 - 929	8.5092	[redacted]	-	-	-	-	-	-	81.0
France	(FFr)	8.8827	[redacted]	785 - 868	[redacted]	[redacted]	[redacted]	-1.3	[redacted]	-1.0	[redacted]	[redacted]	107.7
Germany	(DM)	[redacted]	[redacted]	171 - 197	2.6233	2.6050	[redacted]	[redacted]	[redacted]	-0.5	[redacted]	[redacted]	121.8
Greece	(Dr)	375.474	[redacted]	211 - 736	376.132	374.209	-	-	-	-	-	-	-
Ireland	[redacted]	[redacted]	[redacted]	454 - 467	[redacted]	[redacted]	[redacted]	-0.7	[redacted]	-0.6	1.0497	-0.3	[redacted]
Italy	(L)	[redacted]	-3.42	237 - [redacted]	2548.02	[redacted]	2551.16	-3.3	[redacted]	-2.9	2606.01	-2.4	[redacted]
Luxembourg	(LFr)	54.4862	+0.0294	474 - [redacted]	54.5250	54.2930	[redacted]	-2.3	54.7512	-1.9	[redacted]	-1.1	112.5
Netherlands	[redacted]	2.9316	[redacted]	300 - 332	2.9332	[redacted]	2.9318	-0.1	2.9305	0.2	2.9197	[redacted]	117.7
Norway	(NKr)	[redacted]	[redacted]	532 - 630	[redacted]	[redacted]	11.274	-1.7	11.2719	-0.5	[redacted]	0.0	84.7
Portugal	(Es)	262.884	[redacted]	693 - 075	263.638	262.503	[redacted]	-8.4	266.899	[redacted]	-	-	-
Spain	[redacted]	[redacted]	-0.767	360 - 638	215.158	214.175	[redacted]	-4.5	[redacted]	-3.5	220.484	-2.8	[redacted]
Sweden	[redacted]	[redacted]	-0.103	128 - 350	[redacted]	12.1128	12.1514	-2.7	12.1814	-1.9	[redacted]	-1.4	75.2
[redacted]	[redacted]	2.2085	[redacted]	071 - 099	2.2104	2.1939	2.2059	1.4	[redacted]	[redacted]	[redacted]	[redacted]	117.2
UK	[redacted]	-	-	-	-	-	-	-	-	-	-	-	82.7
Ecu	-	[redacted]	+0.0019	470 - 491	1.3488	[redacted]	[redacted]	-1.4	[redacted]	-1.0	[redacted]	-0.4	-
SDR†	-	[redacted]	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	[redacted]	1.4902	[redacted]	897 - 907	1.4917	[redacted]	-	-	-	-	-	-	-
Brazil	[redacted]	[redacted]	-0.133	943 - 295	[redacted]	577.000	-	-	-	-	-	-	-
Canada	(C$)	[redacted]	[redacted]	678 - 687	[redacted]	[redacted]	[redacted]	1.6	1.9611	1.6	1.9471	1.1	[redacted]
[redacted] (New Peso)		4.6341	-0.0017	312 - 370	4.6417	[redacted]	-	-	-	-	-	-	-
USA	[redacted]	[redacted]	[redacted]	913 - 922	[redacted]	[redacted]	[redacted]	2.4	[redacted]	[redacted]	[redacted]	1.6	67.8
Pacific/Middle East/Africa													
Australia	[redacted]	2.1432	[redacted]	417 - 446	2.1640	2.1416	2.1417	[redacted]	[redacted]	0.7	[redacted]	[redacted]	-
Hong Kong	(HK$)	[redacted]	-0.0051	195 - [redacted]	11.5442	[redacted]	11.5033	[redacted]	[redacted]	1.9	[redacted]	1.3	-
India	(Rs)	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-	-	-	-	-	-	-
Japan	(Y)	[redacted]	[redacted]	579 - 828	[redacted]	165.380	[redacted]	[redacted]	[redacted]	3.2	160.499	3.1	177.8
Malaysia	(M$)	[redacted]	[redacted]	735 - 789	[redacted]	[redacted]	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6679	[redacted]	654 - 704	2.6738	[redacted]	[redacted]	-1.0	[redacted]	[redacted]	[redacted]	-0.3	-
Philippines	[redacted]	41.3962	[redacted]	[redacted]	[redacted]	[redacted]	-	-	-	-	-	-	-
Saudi Arabia	[redacted]	[redacted]	-0.0012	915 - 958	[redacted]	[redacted]	-	-	-	-	-	-	-
Singapore	[redacted]	[redacted]	[redacted]	985 - 014	[redacted]	[redacted]	-	-	-	-	-	-	-
S Africa (Com.)	[redacted]	[redacted]	-0.0014	893 - 959	5.1005	[redacted]	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	[redacted]	[redacted]	051 - 239	[redacted]	[redacted]	-	-	-	-	-	-	-
[redacted]	[redacted]	[redacted]	[redacted]	138 - 241	1213.74	1208.26	-	-	-	-	-	-	-
Taiwan	[redacted]	[redacted]	[redacted]	107 - [redacted]	39.3900	39.2000	-	-	-	-	-	-	-
Thailand	[redacted]	38.1441	[redacted]	176 - 705	[redacted]	38.0330	-	-	-	-	-	-	-

†SDR rate for Jan 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Fo[redacted] rates are not directly quoted [redacted] market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.
Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 17		Closing mid-point	Change on day	Bid/offer spread	Day's mid [redacted]	[redacted]	One month [redacted]	[redacted]	Three months [redacted]	[redacted]	One year Rate	[redacted]	Morgan G'ty [redacted]
[redacted]													
Austria	(Sch)	12.3378	+0.023	350 - 400	[redacted]	[redacted]	[redacted]	-2.7	[redacted]	-2.1	[redacted]	-1.4	[redacted]
Belgium	(BFr)	36.5250	+0.027	100 - 400	[redacted]	36.4700	[redacted]	-4.9	[redacted]	-4.1	[redacted]	-2.6	[redacted]
Denmark	[redacted]	6.7955	+0.0195	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	6.8465	-3.0	[redacted]	-1.7	[redacted]
Finland	(FM)	[redacted]	-0.0429	815 - 915	[redacted]	[redacted]	[redacted]	-2.3	[redacted]	-1.5	5.7477	-1.1	[redacted]
France	(FFr)	[redacted]	+0.0115	535 - 555	[redacted]	[redacted]	[redacted]	-3.6	[redacted]	-3.1	[redacted]	-1.9	[redacted]
Germany	[redacted]	[redacted]	+0.0048	549 - 556	[redacted]	[redacted]	[redacted]	-3.4	[redacted]	-2.6	[redacted]	-1.6	[redacted]
Greece	(Dr)	[redacted]	+0.325	600 - 800	[redacted]	[redacted]	255.2	-16.7	[redacted]	[redacted]	[redacted]	-17.9	71.7
Ireland	[redacted]	[redacted]	-0.0026	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	2.6	[redacted]	1.9	-
Italy	[redacted]	[redacted]	-1.95	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-6.0	[redacted]	-4.0	[redacted]
Luxembourg	(LFr)	[redacted]	+0.027	100 - 400	[redacted]	[redacted]	[redacted]	-4.9	[redacted]	-4.1	[redacted]	-2.6	102.2
Netherlands	(Fl)	[redacted]	+0.0052	[redacted] - 667	[redacted]	[redacted]	[redacted]	-2.7	[redacted]	[redacted]	[redacted]	-1.1	[redacted]
Norway	(NKr)	[redacted]	+0.0014	459 - 479	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	-1.4	[redacted]
Portugal	[redacted]	176.225	-0.125	150 - 300	[redacted]	[redacted]	177.55	[redacted]	[redacted]	-7.6	[redacted]	[redacted]	[redacted]
Spain	[redacted]	[redacted]	-0.485	740 - [redacted]	144.450	[redacted]	[redacted]	-7.1	[redacted]	-5.7	[redacted]	-4.3	[redacted]
Sweden	[redacted]	[redacted]	-0.0674	223 - 323	[redacted]	8.1181	[redacted]	-5.3	[redacted]	-4.0	[redacted]	-2.9	[redacted]
Switzerland	[redacted]	[redacted]	+0.0005	800 - 810	[redacted]	1.4730	[redacted]	-1.2	[redacted]	[redacted]	1.4797	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	-0.0003	[redacted] - 922	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1.5	91.7
Ecu	-	[redacted]	-0.0018	[redacted]	[redacted]	1.1061	1.103	4.0	[redacted]	3.1	[redacted]	[redacted]	-
SDR†	-	1.37241	-	-	-	-	-	-	-	-	-	-	-
[redacted]													
Argentina	[redacted]	0.9990	+0.0008	989 - 990	[redacted]	[redacted]	-	-	-	-	-	-	-
Brazil	(Cr)	[redacted]	-0.011	[redacted]	[redacted]	[redacted]	-	-	-	-	-	-	-
Canada	[redacted]	[redacted]	-0.001	195 - 200	[redacted]	[redacted]	[redacted]	-0.7	[redacted]	[redacted]	[redacted]	-0.4	[redacted]
[redacted] (New Peso)		[redacted]	-0.0005	[redacted]	[redacted]	3.1085	[redacted]	-0.7	[redacted]	-0.7	[redacted]	[redacted]	[redacted]
USA	($)	-	-	-	-	-	-	-	-	-	-	-	[redacted]
Pacific/Middle East/Africa													
Australia	(A$)	[redacted]	-0.0129	362 - 372	[redacted]	[redacted]	1.4377	-0.9	[redacted]	-1.2	[redacted]	[redacted]	88.9
Hong Kong	(HK$)	[redacted]	-0.0019	245 - 255	[redacted]	[redacted]	7.7275	-0.4	[redacted]	-0.3	[redacted]	[redacted]	-
India	[redacted]	31.3713	+0.0025	700 - 725	[redacted]	[redacted]	31.4513	-3.1	[redacted]	[redacted]	-	-	-
Japan	[redacted]	111.080	-0.135	030 - 130	111.500	[redacted]	111.005	[redacted]	[redacted]	1.1	109.205	1.7	[redacted]
Malaysia	(M$)	[redacted]	+0.003	315 - 335	[redacted]	2.7280	[redacted]	1.4	[redacted]	[redacted]	[redacted]	-1.1	-
New Zealand	(NZ$)	[redacted]	-0.0039	873 - 895	1.7940	[redacted]	[redacted]	-0.9	[redacted]	-1.2	[redacted]	[redacted]	-
Philippines	[redacted]	[redacted]	+0.05	500 - 500	[redacted]	[redacted]	-	-	-	-	-	-	-
[redacted]	[redacted]	[redacted]	-0.0001	494 - 500	3.7505	[redacted]	3.7542	-1.4	3.7672	-1.9	[redacted]	-0.7	-
Singapore	(S$)	[redacted]	+0.0006	083 - 093	1.6100	[redacted]	1.6072	1.2	[redacted]	0.6	[redacted]	-0.4	-
S Africa (Com)	[redacted]	3.4135	-0.0003	120 - 150	3.4145	[redacted]	3.4312	-6.2	[redacted]	-5.3	[redacted]	-4.3	-
[redacted] (Fin.)	[redacted]	4.3000	+0.0225	950 - 050	4.3000	[redacted]	[redacted]	-7.5	[redacted]	-7.4	-	-	-
South [redacted]	[redacted]	812.400	+0.65	300 - 500	812.500	811.900	815.4	-4.4	818.9	[redacted]	[redacted]	-3.1	-
Taiwan	(T$)	26.3650	-0.13	600 - 700	26.4000	26.3200	26.4239	-2.7	26.545	-2.7	-	-	-
Thailand	(Bt)	25.5700	-	600 - 800	25.5800	25.5500	[redacted]	-1.9	25.685	-1.5	25.89	-1.3	-

†SDR rate for Jan 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 14. Base average 1990=100

CROSS RATES [redacted] DERIVATIVES

EXCHANGE CROSS RATES

[redacted] 17		BFr	[redacted]	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.61	[redacted]	4.805	1.920	[redacted]	5.381	[redacted]	482.4	393.7	22.24	[redacted]	1.836	[redacted]	2.738	[redacted]	[redacted]
Denmark	(DKr)	[redacted]	10	8.760	2.582	1.032	2509	2.892	11.10	259.3	211.5	[redacted]	[redacted]	0.988	[redacted]	1.471	163.4	1.329
France	(FFr)	[redacted]	[redacted]	10	2.947	1.178	2864	3.301	[redacted]	295.9	241.5	[redacted]	2.487	[redacted]	[redacted]	1.680	[redacted]	[redacted]
Germany	[redacted]	20.81	3.873	3.393	1	[redacted]	[redacted]	[redacted]	4.300	[redacted]	81.93	[redacted]	0.844	0.382	0.752	0.570	63.29	0.515
Ireland	[redacted]	52.09	[redacted]	8.482	2.503	1	[redacted]	2.803	10.78	251.3	205.1	11.69	2.112	0.956	1.882	[redacted]	158.4	1.289
Italy	[redacted]	2.142	[redacted]	0.349	0.103	0.041	100.	[redacted]	[redacted]	10.33	8.432	0.476	0.087	0.039	0.077	[redacted]	6.513	0.053
Netherlands	[redacted]	18.58	3.458	3.030	0.893	0.357	867.7	1	3.840	89.66	[redacted]	[redacted]	0.753	0.341	0.672	0.509	56.51	[redacted]
Norway	[redacted]	48.40	[redacted]	[redacted]	2.325	0.929	2260	[redacted]	10	233.6	190.5	[redacted]	1.962	0.888	[redacted]	1.325	147.2	1.197
Portugal	(Es)	20.73	3.857	3.378	0.996	[redacted]	967.7	1.115	4.283	100.	81.60	4.610	[redacted]	0.380	[redacted]	[redacted]	[redacted]	0.513
Spain	(Pta)	[redacted]	[redacted]	4.141	1.221	0.488	1186	[redacted]	5.248	122.6	100.	5.650	1.030	0.466	0.918	0.696	77.25	[redacted]
Sweden	(SKr)	44.98	8.368	[redacted]	2.160	[redacted]	2099	2.418	9.289	216.9	177.0	10	1.823	0.825	1.625	[redacted]	[redacted]	1.112
Switzerland	(SFr)	[redacted]	[redacted]	4.021	1.185	[redacted]	1152	[redacted]	5.096	119.0	[redacted]	[redacted]	1	0.453	0.891	0.675	75.01	[redacted]
UK	[redacted]	54.49	10.14	8.883	2.618	[redacted]	2544	2.932	[redacted]	262.9	214.5	[redacted]	2.209	1	[redacted]	[redacted]	165.7	1.348
Canada	[redacted]	27.67	[redacted]	4.511	1.330	0.531	1292	1.489	5.718	[redacted]	[redacted]	[redacted]	1.122	[redacted]	1	0.758	84.15	0.685
US	($)	36.52	6.796	[redacted]	1.755	0.701	[redacted]	1.965	[redacted]	176.2	[redacted]	[redacted]	1.481	[redacted]	[redacted]	1	111.1	0.903
Japan	(Y)	[redacted]	61.19	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1285	73.14	13.33	[redacted]	11.88	[redacted]	1000.	[redacted]
Ecu		[redacted]	[redacted]	6.590	[redacted]	[redacted]	[redacted]	[redacted]	8.352	[redacted]	[redacted]	[redacted]	[redacted]	0.742	[redacted]	1.107	[redacted]	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kroner per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	[redacted]	[redacted]	High	Low	Est. [redacted]	Open [redacted]
Mar	[redacted]	[redacted]	-0.0020	0.5589	0.5672	[redacted]	[redacted]
Jun	0.5644	[redacted]	[redacted]	0.5648	[redacted]	[redacted]	[redacted]
Sep	[redacted]	[redacted]	-0.0032	0.5610	[redacted]	31	[redacted]

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	[redacted]	[redacted]	High	Low	Est. [redacted]	[redacted]
Mar	[redacted]	0.9027	+0.0002	[redacted]	0.8988	[redacted]	99,665
Jun	0.9026	[redacted]	[redacted]	[redacted]	0.9026	794	[redacted]
Sep	0.9105	0.9102	[redacted]	0.9105	[redacted]	20	[redacted]

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

Mar	0.6743	[redacted]	-0.0010	0.6770	[redacted]	[redacted]	[redacted]
Jun	-	0.6750	-	0.67[redacted]	0.6735	60	617
Sep	-	0.6756	[redacted]	-	-	[redacted]	30

■ STERLING FUTURES (IMM) £62,500 per £

Mar	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	41,337
Jun	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Sep	-	1.4750	-	-	1.4750	[redacted]	11
Dec	-	1.4714	-0.0046	-	-	7	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

Jan [redacted]	[redacted] rates	Rate against Ecu	[redacted] on day	% +/- from cen. rate	% spread v weakest	[redacted] ind.
Ireland	[redacted]	0.775736	[redacted]	[redacted]	7.84	27
Netherlands	2.19672	[redacted]	[redacted]	-0.92	[redacted]	-
Germany	1.94964	[redacted]	+0.00184	-0.28	3.74	-
Belgium	40.2123	[redacted]	-0.0004	[redacted]	2.69	-5
France	*6.53883*	*6.59547*	*+0.00293*	*0.87*	*2.56*	*-7*
Denmark	7.43679	[redacted]	[redacted]	1.22	2.21	-8
Portugal	192.854	195.695	+0.03	[redacted]	1.95	-10
Spain	154.250	159.573	[redacted]	3.45	0.00	-24
NON ERM MEMBERS						
Greece	264.513	279.053	+0.242	5.50	-1.94	-
Italy	1793.19	[redacted]	-5.43	[redacted]	-1.84	-
UK	0.786749	[redacted]	[redacted]	[redacted]	9.60	-

Ecu central rates set by the [redacted] Commission. [redacted] are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ [redacted] SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Feb	Mar	Apr	PUTS Feb	Mar	Apr
1.400	6.79	6.64	6.67	-	0.08	[redacted]
1.425	6.37	6.40	[redacted]	0.13	0.28	[redacted]
1.450	4.02	4.34	4.79	0.62	0.69	[redacted]
1.500	2.12	2.64	[redacted]	1.79	1.47	[redacted]
1.500	0.80	1.48	2.13	3.69	2.88	[redacted]
1.525	0.21	0.69	1.30	5.89	4.40	[redacted]

Previous day's vol., Calls 17,968 Puts 39,435 . Prev. day's open int., Calls 681,313 Puts 507,788

WORLD INTEREST RATES

MONEY RATES

[illegible]

■ $ LIBOR FT London Interbank Fixing — [illegible]

EURO CURRENCY INTEREST RATES

[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100% — [illegible]

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100% — [illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100% — [illegible]

■ THREE MONTH [redacted] FUTURES (LIFFE) Ecu1m points of 100% — [illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100% — [illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100% — [illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100% — [illegible]

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate — [illegible]

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100% — [illegible]

UK INTEREST RATES

LONDON MONEY RATES

Jan 17	Over-night	7 days [redacted]	One month	Three [redacted]	Six [redacted]	[redacted]
Interbank Sterling	5¼ - 2	5½ - 5⅛	5½ - 5⅜	5⅞ - 5⅜	5⅞ - 5⅝	5⅞ - 5¼
Sterling CDs	-	-	5⅜ - 5⅝	5⅜ - 5⅝	[redacted] - 5⅝	5⅞ - 5⅝
Treasury Bills	-	-	5⅜ - 5⅛	5 - 4⅞	-	-
Bank Bills	-	-	5⅜ - 5⅜	5⅛ - 5⅜	5⅛ - 5	-
Local authority deps.	5⅛ - 4⅞	5⅞ - 5⅜	5⅞ - 5⅜	[redacted] - 5⅜	5⅜ - 5¼	5⅜ - [redacted]
Discount market deps.	[illegible]	[illegible]				

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100% — [illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100% — [illegible]

BASE LENDING RATES

Adam & Company	[illegible]	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● [redacted] British [redacted] Banking [redacted] Securities Houses [redacted]
* In [redacted]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

هكذا منه الأصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 17 / Sch)

BELGIUM/LUXEMBOURG (Jan 17 / Frs.)

DENMARK (Jan 17 / Kr)

FINLAND (Jan 17 / Mkk)

FRANCE (Jan 17 / Frs.)

GERMANY (Jan 17 / Dm.)

ITALY (Jan 17 / Lire)

NETHERLANDS (Jan 17 / Fls.)

NORWAY (Jan 17 / Kroner)

SPAIN (Jan 17 / Pts.)

SWEDEN (Jan 17 / Kronor)

SWITZERLAND (Jan 17 / Fr.)

PACIFIC

JAPAN (Jan 17 / Yen)

HONG KONG (Jan 17 / H.K.$)

MALAYSIA (Jan 17 / MYR)

SINGAPORE (Jan 17 / S$)

AUSTRALIA (Jan 17 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Jan 17 / Can $)

4 pm close

MONTREAL (Jan 17 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Jan 17 / Rand)

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

■ TOKYO – MOST ACTIVE STOCKS: Monday, January 17, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi	5.5m	854	+9	Nippon Steel	3.6m	316	-7
Tokyo Gas	4.8m	540	-10	Keisei Elec Ry	3.3m	959	+31
Hanwa	4.2m	740	+5	Yamaichi Sec	3.2m	750	+25
Nisshin Steel	3.9m	400	+6	Fujitsu	2.9m	995	+7
Itochu	3.6m	605		Kawasaki Steel	2.7m	320	-3

INDICES

US INDICES

Dow Jones

Standard and Poors

NYSE Comp

Amex Mkt Val

NASDAQ Comp

■ RATIOS

	Jan 14	Jan 7	Dec 31	Year ago
Dow Jones Ind. Div. Yield	2.62	2.65	2.68	3.17
	Jan 12	Jan 5	Dec 29	Year ago
S & P Ind. Div. yield	2.35	2.38	2.38	2.58
S & P Ind. P/E ratio	26.07	27.72	27.21	26.85

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	474.65	474.15	-0.50	474.95	474.10	48,685	180,629
Jun	-	475.65	+1.05	-	-	214	4,458
Sep	-	477.05	+1.05	-	-	6	822

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open int.
Jan	2279.0	2243.0	-32.0	2290.0	2239.0	19,532	36,852
Feb	2291.0	2255.5	-32.0	2291.0	2260.0	29796	2,922
Mar	2302.5	2267.5	-32.0	2313.0	2265.0	2,807	24,431
Jun	2300.0	2263.0	-32.0	2300.0	2300.0	1	2,286

Open interest figures for previous day.

4 pm close January 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

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4 pm close January 17

NYSE COMPOSITE PRICES

Continued from previous page

- V -

- W -

- X - Y - Z -

- T -

- U -

NASDAQ NATIONAL MARKET

4 pm close January 17

- A - B - C - D - E - F - G - H - I - J - K - L - M - N - O - P - Q - R - S - T - U - V - W - X - Y - Z -

AMEX COMPOSITE PRICES

4 pm close January 17

AMERICA

Dow stumbles amid worries on earthquake

Wall Street

US stocks edged lower during quiet morning trading as the market marked time ahead of a slew of corporate results due today, *writes Richard Waters in New York*.

Following its 25-point jump on Friday, the Dow Jones Industrial Average inched down by 10 points, before recovering to 3,861.01 at lunchtime, a loss of 6.19.

The more broadly based Standard & Poor's 500 was down 1.32 at 473.59, and the *Nasdaq composite slipped 0.52* to 411.23. NYSE volume was 130m shares at 1 pm.

Shares in property/casualty insurers led the declines as investors expressed fears about potential losses from the earthquake which hit the Los Angeles area before dawn yesterday. Allstate, reckoned to be one of the biggest insurers in California, lost as much as $1¾ to $28⅜, before recovering slightly to $28⅞. Gryphon, an insurer which specialises in earthquake insurance, lost $1 at one stage to trade at $12⅞, before moving back up to $13½.

Elsewhere, with little spe*cific company news to focus* on, the market continued to position itself for the onset of the reporting season, with a clutch of the largest banks due today. First Chicago chose to bring forward the announcement of its results to yesterday to avoid the rush and in the process confirmed the bullish tone set last week by JP Morgan and Citicorp. Its earnings per share for the fourth quarter were well ahead of market expectations, helping to push *its shares up $⅝, to $42⅝. After* the run-up in its shares at the end of last week Citicorp fell back $⅞, to $41¼, though it remains close to its 12-month high.

Among the biggest movements, IBM fell by $1 to $57½ on reports that Kemper Securities was advising investors to reduce their holdings in the computer company.

The Martin Luther King holiday in the US yesterday closed the the government bond market and robbed the stock market of one potential driving force behind share prices. The Treasuries market had ended the previous week in nervous mood, with the yield on the benchmark 30-year long bond at 6.3 per cent.

Brazilian equities were driven 6.7 per cent higher by midsession on hopes that the economic package would be approved by congress. The Bovespa index was up 3,721 at 58,827 at 1 pm.

Turnover was estimated at Cr50.9bn.

Trading was seen mostly in blue chip issues such as those in the telecommunications, mining, electrical and oil sectors. Brokers said that second-tier banking stocks were also strong.

Canada

Toronto was propelled further into record territory at midday by higher banks and precious *metals, which more than offset* a stumbling merchandising sector, suffering a second day of weakness on the prospect of the powerful US discounter Wal-Mart entering the Canadian market.

The TSE 300 composite index jumped 29.36 to 4,518.50 in volume of 32.8m shares.

Bank of Montreal rose C$⅞ to a new 52-week high of C$29¼ in heavy trade after it announced it will bump its quarterly dividend up to C$0.30 per share from C$0.28.

SOUTH AFRICA

Johannesburg marked time, **with the golds index adding 3 at 2,094, industrials slipping 6 to 5,451 and the overall index shedding 3 to 4,864. De Beers dipped R4 to R108.25 following US selling last week. Anglos advanced R6 to R214.**

EUROPE

Rate cut hopes help Stockholm up 2.5% to peak

Most of the senior markets continued their downward movement, *writes Our Markets Staff.*

STOCKHOLM finished 2.5 per cent ahead at a record high with unusually strong demand *spurring turnover to an* all-time peak. The Affärsvärlden index rose 37.7 to 1,545.9 in turnover of SKr3.94bn.

Mr Peter Tron of Unibank said that selective buying of index heavyweights and expectations of an interest rate cut *by the Riksbank on Thursday* were behind the rise.

The advance was a continuation of last week's rally and followed a strong performance throughout last year.

Bikuben Securities, which believes that Stockholm has the potential to be the Scandinavian outperformer this year, says that rises will be based on lower interest rates and corporate earnings growth, which is a direct result of the depreciation of the local currency.

Among issues hitting new highs, Volvo B shares soared SKr31 to SKr658 in heavy trade, partly on revised earnings forecasts by brokerages and upbeat press comment.

Strong US demand pushed Ericsson SKr29 higher to *SKr379.*

Forest sector shares showed the biggest gains, backed by news that prices on several key products will be raised during the spring. MoDo, the pulp and paper group leapt SKr22 to SKr345, while Stora, Europe's largest forest products group, *added SKr25 to SKr467.*

FRANKFURT was modestly lower across the board pressured by a 1.8 per cent loss in Daimler, down DM15 at DM805.

The DAX index eased 4.44 to 2,137.38, but retreated sharply in the after market, with the Ibis indicated index losing a further 35.5 to 2,115.56.

Turnover was DM8.8bn.

Kleinwort Benson, in its latest European handbook, notes that it is now recommending an overweight position in France relative to Germany.

FT-SE Actuaries Share Indices

Jan 17								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1476.54	1478.85	1481.05	1481.50	1479.49	1475.92	1475.20	1474.05
FT-SE Eurotrack 200	1551.87	1557.13	1558.49	1558.75	1558.38	1563.54	1563.56	1552.53

	Jan. 14	Jan. 13	Jan. 12	Jan. 11	Jan. 10
FT-SE Eurotrack 100	1466.32	1458.82	1475.08	1493.81	1483.27
FT-SE Eurotrack 200	1543.91	1534.54	1547.61	1565.49	1561.06

Base value 1000 (26/10/90). High/day: 100 - 1482.69; 200 - 1560.25 Low/day: 100 - 1474.05 200 - 1551.87

This assessment is based on the view that Germany remains vulnerable to a withdrawal of US money, while *French corporate earnings are* less vulnerable to downgrades than German companies.

Metallgesellschaft was the day's major winner, coming back DM27 or 12.6 per cent to DM241 following the successful outcome of weekend talks among the creditor banks. Another of last week's losers, Siemens, eased DM1.00 to DM720.50.

Commerzbank firmed DM1.80 to DM376.50 on news of a tie-up with Winterthur Insurance of Switzerland.

ZURICH finished firmer but off earlier highs after news about the Los Angeles earthquake made for uncertain trading. The SMI index added 20.5 to 3,011 after an earlier high of 3,026.7.

Insurers were especially hit by news of the earthquake, with Swiss Re registered shares falling SFr14 to SFr690.

However, Winterthur registered shares, which were sought on news about the venture with Commerzbank, ended SFr9 firmer at SFr786, but off an earlier high at 805.

Shares in SMH continued their recovery which began late last week. The registered shares surged SFr10 to SFr210, and the bearer added SFr29 to SFr979. Elsewhere in industrials, Alusuisse registered shares added SFr11 or 1.8 per cent to SFr632 and Holderbank bearers rose SFr40 or 4.4 per cent to SFr943.

PARIS weakened steadily during the afternoon in line with Germany so that the CAC-40 index ended 27.47 down at 2,234.78. Turnover eased to FFr4.5bn from FFr5.5bn.

Outside of the index Eurotunnel dipped FFr2.90 to FFr50.70 on reports that UK and French construction companies are claiming up to £1bn which they claim has been unpaid by the tunnel operator.

AMSTERDAM was helped higher by a substantial gain seen in Boskalis, although volume in the stock was reported to have been low, the shares *rising Fl 3.00 or 6.4 per cent to* Fl 49.50. The AEX index gained 2.31 to 422.93.

In contrast BolsWessanen slipped Fl 1.10 to Fl 44.80 as some investors reacted negatively to results which came out at the end of last week.

MILAN made a confident start to the new monthly account with the weekend announcement that elections will be held on March 27 resolving a major political uncertainty. The Comit index rose 12.44 or 2.1 per cent to 615.30.

Montedison led the charge amongst blue chips, gaining nearly L52.70 or 5.7 per cent to L961.70 in massive volume of 155.7m shares. Olivetti also gained sharply, up L103 to L2,267 on speculation about its chances of winning the race for Italy's second cellular telephone licence, bidding for which closed on Saturday.

Elsewhere, optimism over the IMI privatisation helped sentiment but Banca Commerciale Italiana dipped L87 to *L4,738 amid arbitrage selling* ahead of its planned privatisation set for late February.

Written and edited by John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei edges lower as Pacific Basin consolidates

Tokyo

Uncertainty over the fate of the government's political *reform bill prompted profit*-taking, and the Nikkei average receded 1.3 per cent in light trading, *writes Emiko Terazono in Tokyo.*

The 225-issue index closed 248.33 down at 18,725.37. The Topix index lost 9.71 at 1,515.91, but in London the ISE/Nikkei 50 index firmed 2.18 to 1,256.37.

The Nikkei opened at the day's high of 18,911.89 and retreated to the session's low of 18,646.06 in the morning.

Traders also blamed the fall on weakness in the bond market. The yield on the No 157 10-year benchmark finished at 3.205 per cent, the highest for *1½ months.*

Worries of oversupply, caused by last week's announcement by the Ministry of Finance that it would sell bonds outright for the first time in 11 years to finance the forthcoming economic stimulus package, triggered profit-taking. The Finance Ministry, which usually sells bonds with repurchase agreements, is expected to supply the market *with some Y900bn in outright* bonds.

Volume shrank to 280m shares from 468m, falling below the 300m mark for the first time in eight trading days. Declines led advances by 701 to 333, with 133 issues unchanged.

In spite of the fall in share prices on the first section, the second section saw continued firm demand from short-term investors. The second section index advanced 17.64 to 2,017.36, rising for the 13th consecutive day to recover the 2,000 level for the first time since November 16 last year.

Bank stocks were lower on *arbitrage selling. Industrial* Bank of Japan lost Y30 to Y2,870 and Fuji Bank declined Y40 to Y1,960.

Profit-taking depressed gas companies, which had previously gained ground on hopes of higher profits due to industry restructuring. Tokyo Gas slipped Y10 to Y540.

Buying by foreign investors supported Nippon Telegraph and Telephone, which firmed *Y13,000 to Y833,000, and East* Japan Railway, Y7,000 higher at Y476,000.

Sega Enterprises jumped Y320 to Y9,500 on reports that the video game maker has tied up with Microsoft, of the US, to develop game programs.

In Osaka, the OSE average declined 75.25 to 20,711.86 in volume of 47.2m shares.

Roundup

The region saw a less active day's trading than for some time.

HONG KONG ended a featureless session slightly *higher, the Hang Seng index* gaining 18.67 at 10,792.9, as turnover drifted back to HK$5.6bn, its lowest level in three weeks.

Bank shares did well on expectations that Bank of East Asia would report good earnings today. HSBC Holdings moved up HK$1 to HK$108 and Hang Seng Bank added 50 cents at HK$72.

SEOUL lost ground for the *third consecutive session*, the composite stock index shedding 5.40 to 863.25.

Reports that Sungkyong had given up its second mobile telecom bid and would try to buy stakes in the existing network boosted the shares of other companies involved in the project.

Yukong and Kolon International went the day's limit up, adding Won1,300 each to close at Won36,500 and Won33,500 respectively.

TAIWAN saw the weighted index swing widely, after a 5.6 per cent gain on Saturday, closing 12.19 off at 6,054.93. *Turnover was T$105bn.*

Reports that a proposal to raise the $5bn ceiling on combined foreign investment in the market had been postponed dampened sentiment.

Among financial stocks, China Trust rose by its daily 7 per cent limit to T$74.50 and ICBC surged T$4 to T$81.50 in heavy trade. Among the banks, First Commercial advanced T$12 to T$231.

SINGAPORE fell back in a consolidation phase. The Straits Times Industrial index lost 25.82, or 1.12 per cent, to 2,277.04. Volume came to 275.7m shares as declines led gains by 314 to 40.

KUALA LUMPUR reversed Friday's strong gains and the composite index fell 30.0, or 2.65 per cent, to 1,104.14. Turnover amounted to M$1.7bn.

AUSTRALIA ended the session at its highest level since 1987 as the All Ordinaries index climbed 31.8, or 1.4 per cent, to 2,238.2. Turnover totalled A$879m.

News Corp followed Friday's *rise of 51 cents with another* 44-cent gain to A$10.20.

Westpac saw 20.8m shares traded and moved ahead 7 cents to A$4.82. Elsewhere in the banks sector, NAB advanced 28 cents to A$12.38, CBA was 4 cents higher at A$9.20 and ANZ firmed 2 cents to A$5.02.

BHP put on 38 cents at A$18.70 after its petroleum unit said that oil production from the Griffin project was expected to peak at 80,000 b/pd.

NEW ZEALAND increased its performance to set its highest level since October 1988. The NZSE-40 capital index rose 15.97 to 2,241.96.

Fletcher Challenge added 8 cents at NZ$3.48 and Carter Holt Harvey 4 cents at NZ$3.64.

BANGKOK declined nearly 3 per cent, led by weakness in the finance, property and banking sectors. The SET index lost 42.56 at 1,474.11.

Communication issues were down in spite of expectations of gains ahead of today's listing of Shinawatra Satellite. *TelecomAsia shed Bt7 to Bt127.*

BOMBAY saw profit-taking erode early gains, but the BSE index still ended 84.17 higher at a provisional 4,022.91.

KARACHI finished at a record high, the KSE index adding 14.90 at 2,405.42.

German pessimism is 'overdone'

By Michael Morgan

The extreme volatility of south-east Asian markets, where investors scrambled to bank some profits after the recent phenomenal rises, overshadowed the markets last week.

Sharply divergent trends, however, were also seen in Europe.

Germany was the Continent's big loser as the Metallgesellschaft rescue saga rumbled on. Nikko Securities says that some strong, non-German selling was seen amid the uncertainty and the unspecified earnings implications for the major German banks that would have resulted from a failure of the rescue effort.

In addition, the Siemens results, and more importantly the earnings outlook they have given, indicated that the earnings forecasts generally adhered to are probably too optimistic.

UBS takes the view, however, that last week's swing from optimism to pessimism, which took the DAX index down to 2,141.82 on Friday, went too far. "With still a chance of a cut in the leading interest rates this week and support from a strong dollar, we expect the market to stabilise around the 2,150 to 2,175 level."

Finland, Europe's top performing market last year with a 91 per cent climb in the HEX index, was also last week's best performer, as measured by the FT-Actuaries World Index.

Strong foreign demand, particularly from US investors, was seen in the forestry sector in response to the outlook for lower interest rates, the stronger markka, and optimism that this year will see positive economic growth for the first time since 1990.

The advance also accompanied the run-up to Sunday's first round in the country's presidential election, which resulted in two pro-European Union candidates winning through to the second and decisive round on February 6.

In the Far East, Tokyo remained on the upward track as renewed foreign demand encouraged local investors back into the market. Elsewhere, it was a hectic week of switchback trading during which daily swings of 5 per cent and more were common.

Kuala Lumpur was the week's biggest loser, with even a 9.25 per cent upward bounce on Friday unable to erase all of the losses suffered earlier in the week.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+1.70	+8.90	+52.37	+44.85	+35.38	+33.42
Belgium	-1.66	+3.20	+30.05	+32.45	+22.44	+20.66
Denmark	+3.19	+13.27	+50.73	+52.41	+43.21	+41.13
Finland	+8.31	+17.51	+111.24	+121.38	+105.06	+102.11
France	-1.36	+4.30	+31.19	+28.71	+21.41	+19.65
Germany	-3.12	-0.68	+38.67	+37.15	+28.75	+26.88
Ireland	-0.56	+8.48	+62.35	+57.48	+49.60	+47.43
Italy	+1.37	-1.88	+33.11	+41.16	+23.60	+21.82
Netherlands	-0.82	+4.30	+41.36	+42.16	+33.87	+31.93
Norway	+1.22	+11.87	+45.07	+50.35	+39.86	+37.83
Spain	+2.67	+7.36	+46.36	+54.13	+24.17	+22.38
Sweden	+0.94	+9.27	+48.02	+47.43	+29.11	+27.23
Switzerland	-1.68	+4.26	+44.48	+45.51	+46.20	+44.07
UK	-1.05	+2.79	+25.18	+22.01	+22.01	+20.24
EUROPE	-0.99	+3.24	+33.51	+32.32	+26.77	+24.94
Australia	+0.34	+5.80	+40.88	+36.41	+38.85	+36.84
Hong Kong	-2.73	+2.03	+87.45	+99.65	+102.98	+100.04
Japan	+2.58	+1.95	+20.58	+16.83	+33.08	+31.15
Malaysia	-5.50	+1.89	+113.35	+107.18	+101.44	+98.53
New Zealand	-0.23	+7.53	+53.09	+47.53	+62.50	+60.15
Singapore	-4.26	-0.42	+59.02	+57.68	+63.18	+60.82
Canada	+1.33	+5.80	+28.86	+27.06	+24.11	+22.31
USA	+1.05	+1.73	+8.39	+8.45	+10.05	+8.45
Mexico	-4.95	+4.53	+41.06	+41.09	+43.76	+41.68
South Africa	-4.56	+5.77	+50.97	+58.94	+83.05	+80.39
WORLD INDEX	+0.58	+2.37	+20.78	+19.61	+23.80	+22.02

† Based on January 14th 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JANUARY 14 1994								THURSDAY JANUARY 13 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	171.21	0.9	170.12	120.36	155.61	165.06	1.2	3.12	169.66	168.14	120.29	154.54	163.14	172.37	118.05	118.05
Austria (17)	187.00	0.3	185.81	131.46	170.18	170.04	0.3	0.94	186.42	184.75	132.17	169.80	169.45	190.78	131.16	132.37
Belgium (42)	160.76	-0.2	159.73	113.01	146.30	144.69	-0.2	3.97	161.04	159.59	114.18	146.66	144.99	166.01	133.37	135.28
Canada (107)	141.44	0.3	140.54	99.44	128.72	135.28	0.2	2.48	141.07	139.81	100.02	128.50	135.04	141.44	111.41	113.31
Denmark (33)	262.68	0.2	261.01	184.67	239.06	242.09	0.1	0.94	262.14	259.78	185.86	238.76	241.86	262.91	186.70	188.41
Finland (22)	140.69	1.4	139.79	98.90	128.03	169.16	1.5	0.61	138.70	137.45	98.34	126.33	166.73	140.69	65.50	70.43
France (99)	176.10	0.4	174.98	123.80	160.26	164.17	0.4	2.83	175.36	173.78	124.33	159.72	163.47	182.15	142.90	145.31
Germany (59)	132.01	-0.9	131.17	92.81	120.14	120.14	-1.0	1.74	133.19	132.00	94.44	121.32	121.32	142.38	102.80	102.80
Hong Kong (56)	443.20	6.3	440.38	311.57	403.35	439.66	6.4	2.48	416.78	413.05	295.50	379.63	413.38	506.56	225.77	236.11
Ireland (14)	200.18	-0.1	198.91	140.73	182.18	197.43	-0.1	2.87	200.30	198.50	142.01	182.44	197.80	202.59	129.29	140.07
Italy (68)	66.84	-0.2	66.41	46.99	60.83	85.23	0.2	1.93	66.95	66.35	47.47	60.98	85.08	78.93	55.21	57.12
Japan (469)	137.75	2.4	136.87	96.84	125.37	96.84	1.6	0.84	134.47	133.26	95.34	122.48	95.34	165.91	100.75	101.07
Malaysia (69)	519.08	11.4	515.77	364.92	472.40	545.66	11.4	1.33	465.86	461.68	330.30	424.33	489.99	621.63	255.36	255.36
Mexico (18)	2334.73	-1.1	2319.83	1641.32	2124.75	7931.16	-1.1	0.64	2360.63	2339.45	1673.70	2150.15	8019.12	2457.89	1410.30	1652.26
Netherland (26)	199.74	1.1	198.47	140.42	181.78	178.88	1.0	2.97	197.67	195.90	140.15	180.05	176.86	203.59	151.27	152.08
New Zealand (14)	68.69	-0.6	68.25	48.29	62.52	65.37	-0.8	3.58	69.12	68.50	49.01	62.96	65.91	70.27	40.56	41.19
Norway (23)	189.81	1.1	188.60	133.44	172.74	194.40	1.3	1.31	187.26	185.58	132.77	170.57	191.83	191.41	138.48	143.80
Singapore (45)	*343.13*	*5.5*	*340.94*	*241.22*	*312.28*	*254.30*	*5.4*	*1.82*	*325.26*	*322.35*	*230.62*	*296.27*	*241.22*	*378.92*	*209.43*	*209.43*
South Africa (60)	267.16	1.5	265.46	187.82	243.13	249.78	0.4	2.27	263.24	260.87	186.64	239.77	246.70	280.26	153.88	157.95
Spain (42)	142.71	1.4	141.79	100.32	129.87	155.98	1.4	3.84	140.76	139.50	99.80	128.21	153.88	145.24	116.33	122.06
Sweden (36)	210.65	1.2	209.31	149.09	191.71	255.55	1.3	1.37	208.07	206.20	147.52	189.52	252.24	211.43	149.69	161.80
Switzerland (49)	162.81	1.0	161.78	114.46	148.17	149.39	1.1	1.45	161.17	159.72	114.27	146.80	147.71	168.68	109.14	112.58
United Kingdom (215)	207.25	0.9	205.93	145.70	188.61	205.93	1.2	3.51	205.30	203.46	145.56	187.01	203.46	209.55	162.00	170.59
USA (516)	193.15	0.5	191.92	135.79	175.78	193.15	0.5	2.70	192.20	190.48	136.27	175.06	192.20	193.24	176.29	178.19
EUROPE (744)	169.93	0.6	168.84	119.46	154.64	165.20	0.8	2.76	168.91	167.40	119.76	153.85	163.80	172.87	134.16	135.45
Nordic (113)	204.28	1.0	202.98	143.61	185.91	215.26	1.0	1.16	202.21	200.39	143.37	184.18	213.05	204.28	142.13	147.16
Pacific Basin (722)	150.15	2.9	149.19	105.56	136.65	109.10	2.2	1.12	145.89	144.58	103.44	132.88	106.74	168.80	105.89	108.11
Euro-Pacific (1466)	158.23	1.9	157.22	111.23	144.00	130.69	1.8	1.85	155.32	153.92	110.12	141.47	128.63	162.87	117.87	117.99
North America (625)	*169.94*	*0.5*	*168.72*	*133.52*	*172.65*	*189.16*	*0.5*	*2.69*	*189.02*	*187.32*	*134.01*	*172.16*	*188.25*	*190.01*	*172.67*	*174.19*
Europe Ex. UK (529)	146.93	0.4	145.99	103.29	133.71	141.45	0.4	2.26	146.38	145.07	103.79	133.33	140.90	150.17	114.43	114.43
Pacific Ex. Japan (253)	268.73	5.2	267.02	188.92	244.56	249.68	5.3	2.42	255.37	253.08	181.06	232.61	237.13	296.21	155.37	155.46
World Ex. US (1651)	160.44	1.8	159.41	112.79	146.01	134.01	1.5	1.86	157.61	156.20	111.75	143.56	132.01	162.90	119.10	119.24
World Ex. UK (1954)	166.82	1.3	165.76	117.27	151.82	147.34	1.1	2.02	164.61	163.14	116.71	149.94	145.76	168.67	135.11	135.11
World Ex. So. Af. (2109)	169.75	1.3	168.66	119.33	154.48	151.61	1.1	2.17	167.59	166.09	118.82	152.65	149.93	170.47	138.15	138.15
World Ex. Japan (1700)	189.12	0.9	187.91	132.95	172.11	185.67	1.0	2.86	187.45	185.77	132.91	170.74	183.90	191.26	159.04	159.04
The World Index (2169)	170.34	1.3	169.25	119.75	155.02	152.41	1.1	2.17	168.15	166.65	119.22	153.18	150.71	170.77	138.19	138.19

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Certain indices for 13/1/94 have been adjusted to the second decimal place. For further information contact NatWest Securities Limited or Goldman, Sachs & Co. Latest prices were unavailable for this edition.